

Audit Committee Meeting  
Minutes March 25, 2015

Present: Rick Walker, Laura Schulkind, Deirdre Burns, Paul Slayton

1. Paul Slayton joined the committee as the volunteer community member.
  - a. Introductions were made, Paul shared his background with the committee and the members updated Paul on the recent history and agenda of the committee. Paul previously served as a BOE member and as a member of the Audit Committee and has completed classwork towards certification as a School District Business Leader. Paul raised an important question about liability as a volunteer. The committee needs to follow up with Tom and David Shaw about this. Laura will send Paul relevant documents - committee's mission statement and recent audits. The committee welcomes Paul and is grateful that he is once again volunteering his time to the school district.

Tom Burnell and Donna Crowley joined the meeting.

2. Internal auditing.
  - a. Donna Crowley, from Vanacore, the accounting firm that has acted as our internal auditor, joined us to discuss options for working with the business office to improve operations. Possible areas for focus were discussed. Donna's process is to test systems from beginning to end, interview staff as necessary and issue a report on findings. The committee communicated that we also would like her to make recommendations for improvements and assist in instituting best practices, should issues be identified.
  - b. Areas of focus will include random testing to: verify paycheck amounts agree with approved salary, check that all appropriate personnel forms and documents are filed, ensure appropriate records management and retention. The committee agreed that checking payroll processes and records management are valuable areas to look at.
  - c. In this discussion the committee learned of some of the practices of the business office: Tom looks at every payroll check every pay period to verify accuracy; each staff member gets a salary agreement every year, which acts as an acknowledgement of their salary for the year; coaching salaries are paid 2x/season, co-curricular salaries are paid out 3x/year, pay for summer work is held until there is BOE approval.
  - d. Donna's rough estimate of the work is \$6300. She will send to the committee an "arrangement letter," which will specify the parameters of the work, the charges and will include a timeline. The estimate fits into what has been budgeted for internal auditing. Tom and Donna will discuss which weeks are best to do the testing, which may commence in April.

(Donna Crowley left the meeting at 1:30 pm)

### 3. Claims Auditor.

- a. Steve Bangert, the District's Claims Auditor, joined the meeting. Steve provided an overview of his experience (a former assistant business official at another district and as a loan officer for a bank) and his work at the district since February 1, 2013. He reviews all payments to vendors for goods and services (this does not include payroll). The batch of payments he reviews ("warrants") must have been authorized and must reconcile with the purchase orders (which is essentially a promise to pay), invoices/bills and checks. This work typically takes 2-3 hours every 3 weeks or so, although there are usually more payments to review at the beginning of the school year. Steve commended the district on having good practices and doing a "very good job," particularly noting the good work done by Sue McCormack, the business office's accounts payable clerk.
- b. Steve requested an opportunity to share observations he has made outside the purview of claims auditing, which the committee was open to:
  1. Steve looked at the external audit from the fall and, in his opinion, Tom has done a "masterful job" with the district's budget, noting the challenges of a tax cap.
  2. He noted the cafeteria program losses, a problem common to many districts, and suggested it is pragmatic to appropriate money from the general fund to the food service program, noting his opinion that it is unrealistic to think the food service program can be self-sustaining.
  3. With regard to glitches in the work of an outside contractor for technology work last summer and fall, Steve would recommend using a consultant for projects of this size to supervise the work - a "clerk of the works." Service contracts should have more details than a purchase order. Paul characterized this as protecting the district from "performance risk."
- c. The committee expressed gratitude to Steve for his work and his valuable insights. Steve expressed that it is a pleasure to work in the district.

Next meeting: April 14, 2015 at 1:30 pm.

Submitted by Deirdre Burns