

Audit Committee Meeting  
Minutes  
June 20, 2017

Present: Steve Jenkins, Deirdre Burns, Tom Burnell, and Steve Bangert, Internal Claims Auditor.

1. Steve Bangert suggested that he meet with the Audit Committee twice a year. He feels it is good practice to meet directly with board members. He meets routinely with Ulster BOCES board, who he also works for and that was the practice when he himself was a business official.
2. Claims processing.
  - SB reported that the District has very good people in the business office and he gets very good cooperation as he does his job. Staff in the buildings are good as far as processing payments. He pointed out some concerns during the transition period when the District had an interim Special Ed Director. Steve noticed a contract that was significantly outdated and passed that info along to Tom. Tom reported that an RFP has been put out on that particular contract. Also, the business office is reviewing all contracts with vendors, scanning them and making them accessible electronically so that they will be easier to monitor. SB reports that Special Ed Dept now handling claims process well. The committee noted that the board should be aware of this kind of challenge when departments are in transition.
  - SB also noted that we use many ipads and that Apple does not allow for purchase orders. The process now is that Tom approves the purchase of 5, \$100 gift cards for Steve Jensen. Staff that want to make purchases through the Apple store need to get approval from Steve, who makes the purchases with the gift cards. Not more than \$1000 has been used in this way. Steve B. shared that claims auditors generally do not like to see pre-payments, although they are necessary in some instances, including buses for field trips and health insurance, for example.
3. Capital project. The committee discussed auditing oversight during the capital project. Following the process from bidding through reporting to SED is critical for proper management and building aid is reliant on proper reporting. A chart of accounts is being developed by Christine Natoli this summer. Claims will still go through claims auditor. SB has experience with building projects. Tom giving some consideration to expanding accounting responsibilities for Steve during the project. Currently, Steve comes to the district 1x/month. The committee also discussed that it may be useful to have a board member who sits on both the Facilities and Audit committees during the project to facilitate communication on accounting.
4. Fiscal Stress and planning.
  - Fiscal stress determination of the Comptroller is due to low fund balance. SB concurs with our administrators that we need to build the fund balance and recommends the board have a 3-5 year plan to rebuild it. While underestimating revenues and overestimating expenditures to build fund balance can be difficult for community

members to understand, it is critical to respond to the Comptroller's report and a .5% fund balance is inadequate. The committee agreed that adding to fund balance is fiscally prudent, needs to be factored into long range planning and must be monitored regularly by the Finance Committee.

- Steve Jenkins asked SB his views of zero based budgeting. SB responded that ZBB is very difficult because it is hard to estimate future costs. While it could possibly be done with supplies, most of the budget is in people and those costs, particularly benefits, are highly variable.
5. External auditing. SB shared his view, and Tom concurred, that the last external audit did not involve as many samples as would be expected and thus was less comprehensive than it should have been. This contract ends next year and so an RFP will need to be done this fall for external auditing services starting in 2018-19.

Steve Bangert left the meeting.

6. NY State Comptroller audit.

- The Comptroller's report will be completed and given to the District in about a month. Tom gave us preliminary info.
- Initially the auditor performed a risk assessment, sampling different areas in the business office. No high risk areas were identified. [Tom noted that the Comptroller provides oversight of ERS, but not TRS, and no problems were noted in our ERS accounting, among other areas]. The auditor decided to focus on the Extra Classroom Fund as it is an area that many districts have trouble with and we make positive efforts in this accounting.
- Nine clubs K-12, with 39 transactions and several advisor reimbursements, were examined. Only one without an invoice identified, six without principal signature. Checks need to be deposited in a more timely fashion. Appropriately collecting sales tax. Profit/loss statements need to be completed, along with record keeping such as keeping of minutes and attendance. Overall, students need to be more involved in the keeping of records.
- The auditor provided some sample policies for the Extra Classroom Fund that will go to the Policy Committee
- Tom noted that a fall meeting of advisors and club officers with the Central Treasurer should be mandatory, so students and advisors are clear on record and ledger keeping. He also noted that not all clubs do fundraising.
- A formal exit conference will be scheduled by the auditor with the Board President. The District will have 30 days to respond and then the report, including our response, will be publicly released.
- The auditor clarified to Tom that the Comptroller's office is in the midst of a seven year cycle auditing all school districts. We have been audited early in this cycle.

Submitted by Deirdre Burns