

Frontier Central School District – Audit Committee Meeting Minutes
Thursday December 10, 2015 @ 7:00 AM @ FEC

Attendees: Jerry Bartone, Pat Boyle, Nancy Cox, Marty Lalka, Dave Patton, Carolyn Robertson, and J. Mark Robinson

1. **Summer School Financials & Accounting Controls:** Ms. Robertson gave the committee an overview of the district's summer school program in terms of fees collected and the processes/controls used to collect and book those fees. Last summer approximately \$86,000 in fees was assessed. "In district" students pay a very modest amount per course (\$10) while "out of district" students pay much more, \$100-290 per course. Registration occurs over a very short and busy three-day period, and payments must be made by cash or credit card. A review of the processes was conducted over the past few months looking to make the financial processes more efficient and more tightly controlled. Three options were discussed regarding actual registration;

- offering the option of a third party Internet-based cloud service
- improving the current manual processes by more tightly controlling receipt books (controlling them like pre-numbered check stock) and submitting receipt copies with each deposit
- having staff from the Business Office (at FEC) at the registration site to provide more hands with the registration process.

Another issued discussed was how to verify that students registering as "in-district" actually were Frontier students. Several ideas were discussed including somehow utilizing Infinite Campus during registration to verify their "in district" status. **Action Item:** Ms. Robertson and her staff will continue investigating the on-line registration alternatives and options to verify "in district" status – reporting back to the committee with pros and cons and more specific details and recommendations at our Spring meeting. We would like to get the efficiencies and improved controls in-place before 2016's summer school registration.

2. **BOCES Computer Services and Their Risk Associated Mitigation Activities:** Following up from our discussion at the last meeting about cyber security risk mitigation, Ms. Robertson inquired at BOCES regarding any third party auditing or certification regarding their cyber security practices. Following is Ms. Robertson's memo summarizing her findings;

TO: Patrick Boyle, Audit Committee
FROM: Carolyn A. Robertson, Assistant Superintendent for Business
RE: BWB Information Technology Recommendations
DATE: December 9, 2015

I have contacted James Fregelette the Director of Finance & Admin. Services at Erie 1 BOCES and he shared the following:

- BOCES does not have a SOC-2 (Service Organizations Controls Report) done and are not considering it for the future but may request an internal auditor to review computer security.
- OSC and SED Audits have addressed computer security in the past ie: security procedures and control and access to servers.
- Computer security contact is Ron Ternowski. Ron will send Frontier the security procedures.
- Finance Manager log reports can be obtained from the FM system. We can check with Karen Markham for assistance with this task.
- Detail of contracts for service are all on the BOCES website listed by COSER # and identified as service level agreements.

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We had a very good discussion on potentially looking more closely at the district’s computer systems to ensure that we know what types of data are where (e.g. Personally Identifiable Information (PII), Personal Health Information (PHI), student records, etc.) and taking a risk-based approach to ensuring that the appropriate level of safe-guards are in-place. **Action Item:** It would be very helpful for the committee to get a high-level diagram illustrating the major computer applications (Finance Manager, Infinite Campus, etc.), where they reside (on premise servers within the district, at BOCES, in the cloud, etc.), and what type of information they house (payroll information, student or employee health related information, student grades, etc.). Mr. Boyle will follow up with Dr. Apthorpe to see what we can get.

3. **BWB Risk Assessment Tracker:** In preparation for the meeting, Ms. Robertson went through the forty-seven open recommendations and gave each one a 1, 2, or 3 ranking based on importance and ability to address. She walked the committee through all of the priority 1s at the meeting. We will work on the priority 1s first, then the 2s, and lastly the 3s. The breakdown was; 16–priority 1s, 15–priority 2s, and 16–priority 3s. A copy of the prioritized risks will be given to all committee members and the Board of Education. We will continue to monitor progress on these recommendations at each future meeting.

The eight recommendations identified as “Refer to Policy Committee” have been formally sent to the policy committee (via memo – excerpt of header below). Since Mr. Boyle also is a Policy Committee member, he will report back to this committee on the status of these eight referred recommendations.

To: Davis Podkulski Janet Plarr Bret Apthorpe Myra Pinker December 9, 2015
 From: Pat Boyle

RE: REFERRALS TO POLICY COMMITTEE FROM AUDIT COMMITTEE – BWB RISK ASSESSMENT (Revised)

Following are eight recommendations which appeared on the Risk Assessment which the Audit Committee has referred to the Policy Committee;

Item #	Sub-area	Recommendation	Status
5	OTHER POLICIES	(a) HIPAA compliance policy–A policy that demonstrates the necessity to protect health information of employees of the District in compliance with the Health Insurance Portability and Accountability Act. We should mention the District does have a Health Examination Policy (#6140), which outlines requirements for new personnel to have a health examination	Open

4. **Request by Freed Maxick for Consideration of Incremental Payment:** Ms. Robertson apprised the committee that she has received the invoice requesting an incremental payment in lieu of the numerous extra hours they put in to complete our 2015 year-end audit on time. (These extra hours were mainly due to the resignation of a senior district financial staff member and problems with the firm we hired to do our fixed asset inventory.) The committee was assured that the actual incremental hours put in were significantly more than the requested incremental payment. The consensus of the committee was to grant Freed Maxick the incremental payment. **Action Item:** Mr. Boyle will apprise the Board and get their viewpoint.

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5. **Next Meeting Date:** Thursday March 10th 2016 at 7 AM at FEC.

Respectfully submitted on
December 15, 2015 by P.Boyle