

Frontier Central School District – Audit Committee Meeting Minutes
Thursday December 19, 2019 @ 7:00 AM @ FEC

Attendees: Nancy Cox, David DiTanna via phone (Buffamante Whipple Buttafaro, P.C.), Justin Isaman (Buffamante Whipple Buttafaro, P.C.), J. Mark Robinson, William Thiel, and Patrick Boyle

1. **Presentation of Internal Control System Testing (Preliminary) and Internal Control Risk Assessment (Preliminary) Reports by Justin Isaman of BWB:** Draft copies of both reports were e-mailed to committee members for their review a few days before the meeting. Mr. Isaman walked the committee through both documents. The **Internal Control System Testing** was focused on District Payroll this year. Overall the testing found no significant weakness in Payroll processes and four recommendations are included in the report for consideration. The **Internal Control Risk Assessment** report categorizes risks into twelve different areas;

- Policies and procedures
- Purchasing and cash disbursements
- Revenue and cash receipts
- Payroll
- Other controls
- Inventory
- Transportation department
- Cafeteria operations
- Federal and State grant programs
- Student activities
- Athletics
- IT

The report identifies specific observations and recommendations for fifty-three items spread within the twelve areas. Each of the specific items is categorized as either high, medium, or low risk. While all fifty-three recommendations are potential improvements, not all of them will be implemented after evaluating the cost to implement versus the risk mitigation provided. The Audit Committee appreciates the cooperation of all District employees in the Business Office, Personnel, Food Service, and other areas that were interviewed and/or provided information to the BWB auditors.

Action Item 1: Mr. Boyle will create a summary tracking sheet for the fifty-three items for the committee to prioritize and work with Mr. Thiel to determine which ones the District wants to address going forward.

Action Item 2: Mr. Thiel will make copies of the two reports available to NYSED.

2. **Review Claims Auditor Reports Sept '19 thru Nov '19:** We did not have all of the reports at the time of the meeting so we did not review them. However, the November and December reports were e-mailed to Mr. Boyle on 12/30/2019 and they will be forwarded to all committee members. Both months look good with only four minor items needing to be checked into by Mr. Kofod across both months.

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3. **District Corrective Action Plan for External Audit Management Letter for Year Ended June 30, 2019:** Mr. Theil gave the committee a copy of the management letter comments which are attached to these minutes (page 3).

4. **Draft “Dashboard” Treasurer’s Report for BoE Business Meetings Packet:** Mr. Theil shared a draft copy of a single page Treasurer’s Report to be included in the monthly Board of Education Business Meeting packet. The single page (attached as page 4 of these minutes) gives readers the ability to see all accounts – a very nice summary document. It will be helpful in giving the Board more visibility into the District’s financials. Thank you.

Next Meeting Date -Thursday March 19th 2020 - 7 AM at FEC.

Respectfully submitted on
December 31, 2019 by P. Boyle

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**Frontier Central School District
CORRECTIVE ACTION PLAN
Management Letter Comments
YEAR ENDED JUNE 30, 2019**

Budgeted Transfers

Observation: During the audit, the District made a transfer to the School Lunch Fund that was in excess of the amount budgeted and not approved by the board prior to year end.

Corrective Actions Taken or Planned:

November 30, 2019 – The Director of Finance, William Thiel, stated all such transfer will be placed before the board for approval and the 2021 general fund budget will include a provision for transfer to the food service fund to cover deficit operations, if any.

Student Activity Funds

Observation: Consistent with most other school districts, the auditors noted insufficient accounting controls exist over cash collections prior to the initial entry in the accounting records by the Central Treasurers.

Corrective Actions Taken or Planned:

November 30, 2019 – The Director of Finance, William Thiel, stated additional trainings with Central Treasurers and the introduction of more formalized reporting and accounting procedures for approval and execution of fund raising activities are now implemented.

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12/13/2019

11/30/2019

REVENUE & DISBURSEMENTS	GENERAL FUND		SCHOOL LUNCH		FEDERAL		CAPITAL		GENERAL FUND		CAPITAL		COMBINED	
	DESCRIPTION	Checking	Investments	Checking	Investments	Checking	Investments	Checking	Investments	Checking	Investments	Checking	Investments	TOTAL
Beginning Balance	\$ 2,172,079.96	\$ 117,657.22	\$ 180,238.89	\$ 40,951.47	\$ 43,133,114.99	\$ 8,370,131.39	\$ 34,014,173.62							
REVENUE														
Real Property Taxes/STAR	443,932.80	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	443,932.80
PILOTS	30,385.33	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	30,385.33
Eric County Sales Taxes	70,079.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	70,079.96
Community Ed/Before & After Programs	633,233.51	0.00	241,297.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	874,530.98
State / Federal Aid	0.00	98,353.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	98,353.00
Federal/State Lunch Reimbursements	0.00	60,300.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	60,300.07
Deposits for school lunch	54,770.12	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	54,770.12
Health Insurance Premium Reimbursement	17,178.32	8,883.79	0.00	150.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	26,212.11
Miscellaneous	16.80	3.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	22,229.52
Interest Earnings	5,900,000.00	0.00	0.00	50,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,950,000.00
Transfer from General Fund/ Capital Investments	7,149,596.84	168,537.90	241,297.47	50,130.00	22,209.68	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7,631,791.89
Total Revenues														
DISBURSEMENTS														
Accounts Payable	2,409,716.46	85,484.91	36,910.33	80,990.77	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,613,102.47
Transfer to Fund Health and Pharmacy Claims	730,396.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	730,396.02
Transfer to Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to T&A Checking for Payroll/HRA Plan	6,009,170.77	84,718.73	220,370.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,314,260.47
Transfer to Reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transfer to General/Capital Checking	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Disbursements	9,149,283.25	170,203.64	257,281.30	80,990.77	5,900,000.00	50,000.00	5,950,000.00	0.00	0.00	0.00	0.00	0.00	0.00	13,607,738.96
Ending Balance	\$ 172,393.25	\$ 115,991.48	\$ 164,255.06	\$ 10,110.70	\$ 37,255,324.67	\$ 8,320,131.39	\$ 46,038,206.55							
HEALTH INSURANCE														
Beginning Balance	\$ 198,609.55	\$ 768,745.44	\$ 1,119,122.27	\$ 15,617.15	\$ 48,793.99	\$ 1,261,294.93	\$ 3,412,183.33							
Transfer to Fund Health and Pharmacy Claims	730,396.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	730,396.02
Transfers from Other Funds/Payroll and HRA	0.00	0.00	6,314,260.47	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6,314,260.47
Retiree/Employee Health/Flex Contributions	0.00	0.00	67,976.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	67,976.03
Interest	9.85	156.59	0.00	1.97	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	168.41
Transfer to Payroll Checking/Flex Checking	0.00	0.00	(4,012,901.96)	3,953,122.70	59,779.26	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5,489.74
Payments for Retiree Incentives	(730,395.76)	(47,886.61)	(2,198,297.88)	(3,953,122.70)	(34,856.12)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(33,861.48)
Checks issued														(6,964,538.47)
Ending Balance	\$ 198,619.66	\$ 721,015.42	\$ 1,256,298.05	\$ 15,619.12	\$ 73,717.13	\$ 1,266,616.26	\$ 3,531,885.64							\$ 48,570,092.19

BANK RECONCILIATION	BANK		BOOK	
	ACCOUNTS	BALANCE END OF MONTH	DEPOSITS IN TRANSIT	TRANSFERS IN ADJUSTMENT
M&T General Checking	\$ 962,732.95	\$ 790,159.70	\$ 0.00	\$ 172,393.25
M&T School Lunch Checking	\$ 115,057.95	\$ 116.14	\$ 1,049.67	\$ 115,991.48
M&T Federal Checking	\$ 173,401.98	\$ 9,146.92	\$ 0.00	\$ 164,255.06
M&T Capital Fund Checking	\$ 79,901.97	\$ 69,791.27	\$ 0.00	\$ 10,110.70
M&T Health Checking	\$ 494,390.71	\$ 295,771.05	\$ 0.00	\$ 198,619.66
Chase Workers' Comp Checking	\$ 737,648.02	\$ 16,632.60	\$ 0.00	\$ 721,015.42
M&T Trust & Agency Checking	\$ 1,525,822.82	\$ 69,524.77	\$ 0.00	\$ 1,256,298.05
M&T Payroll Checking	\$ 65,943.04	\$ 50,323.92	\$ 0.00	\$ 15,619.12
M&T Flexible Benefits Checking	\$ 78,140.68	\$ 4,423.55	\$ 0.00	\$ 73,717.13
M&T Investment Account	\$ 46,842,072.32	\$ 46,842,072.32	\$ 0.00	\$ 46,842,072.32
TOTALS	\$ 50,875,132.44	\$ 1,306,089.92	\$ 1,049.67	\$ 49,570,092.19
M&T Scholarship Account	\$ 622,519.91			
General Fund Investments	\$ 37,255,324.67			
Capital Investments	\$ 8,320,131.39			
Debt Service Investments	\$ 1,266,616.26			
M&T Investment Account	\$ 46,842,072.32			

Prepared by: Assistant District Treasurer
 Reviewed by: District Treasurer
 Received by the Board of Education and entered as part of the minutes of the Board meeting held January 7, 2020
 Clerk of the Board of Education