

Frontier Central School District – Audit Committee Meeting Minutes
Thursday December 13, 2018 @ 7:00 AM @ FEC

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

- 1. Presentation of 2018 “Internal Control Annual Risk Assessment” & “Internal Control System Testing” (Student Activities) by David DiTanna of Buffamante, Whipple, Buttafaro, P.C.:** Mr. DiTanna walked the committee through the Internal Controls System Testing Document which was focused on Student Activities this past year. The report illustrates the need to address training and adherence to existing District policies and procedures designed to mitigate risk and educate students in regard to the business-side of student organizations. **Action Item 1:** Mr. Thiel will come back to the committee with a recommended course of action to address the identified shortfalls. Most likely this will involve mandatory training for the central treasurers and club advisors. **Action Item 2:** The committee may want to consider having the Internal Claims Auditors’ monthly hours increased by two hours per month to conduct revolving reviews of specific student activity funds to ensure everyone is following procedures on an ongoing basis. Mr. Boyle will do some research to determine if having the Claims Auditor do this is acceptable with NY State regulations and what the actual cost would be.

Mr. DiTanna also gave copies of the Internal Control Risk Assessment to all committee members. This document addresses controls/risks with: observations, recommendations, and updates to previous years’ recommendations in the following areas;

- Overall Controls – Polices & Procedures
- Specific Controls
 - Purchase and Cash Disbursement Risks
 - Cash Receipts and Revenue Risks
 - Payroll Risks
 - Other Cash Function Risks
 - Inventory Risks
 - Transportation Department
 - Cafeteria Operation Risks
 - Student Activity Risks
 - Athletic Department Risks
- Information Technology Controls

All of the recommendations in this 2018 risk assessment will be integrated into the committee’s risk tracking document to be addressed as detailed below in item #5.

The committee got into a discussion regarding BWB’s recommendation that the district develops a formal whistleblower policy as recommended on Page 10 of the risk assessment. **Action Item #3:** Mr. Boyle will do some research to see if we have policies other than the two identified by BWB pertaining to whistleblowing and if our BOCES Policy Service has a stand-alone whistle blower policy.

Copies of both BWB documents will given to the entire Board of Education, the superintendent (Dr. Hughes) and our business administrator (Mr. Thiel). Formal acceptance of both documents will be on the agenda for the Board of Education’s first meeting next month (January 2019).

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2. Review Internal **Claims Auditor Reports September '18 thru November '18**: Copies of Mr. Speranza's monthly reports for the past three months were reviewed.
3. **Resignation and Replacement of Internal Claims Auditor**: Unfortunately, Mr. Speranza has tendered his resignation which is effective 1-1-2019. The District has already posted the position and Ms. Pinker has sent us four applicants for the committee's consideration. Copies of resumes and materials for the candidates was distributed for review. **Action Item #4**: Mr. Boyle will work with the committee members to determine how many of the four we would like to interview, and work with Ms. Pinker to get the interviews scheduled with the committee members as soon as possible. **Action Item #5**: The committee asked Mr. Thiel to talk to Mr. Speranza to determine if he might be able to stay on through the end of January (doing the December review)– as we suspect the new claims auditor will not be onboard before the second or third week in January.

The committee would like to **publicly recognize and thank Mr. Speranza** for his diligence and professionalism in providing excellent services to the District in this role for the past three years. We extend our best wishes to him in his next endeavor.

4. **Status of Open Recommendations**:
 - NYS Comptroller Audit on Procurement of Professional Services August 2018: Mr. Thiel reported that he has changes in progress with the Policy Committee and is on schedule to meet the timeline shared with the Comptroller's office in the District's audit response letter.
 - Freed Maxick 2017-18 Year End Report June 20, 2018
 - i. Uniform Guidance: Policies 5410 – Purchasing Competitive Bidding and Offering, 5411 – Procurement of Good and Services, and 5415 – New BOCES Policy on Procurement for Federal Awards: Mr. Thiel reported that he has changes in progress with the Policy Committee for both of these.
 - ii. Investments: Policy 5220: This policy has been updated and passed its' first reading at the December 4th, 2018 BoE meeting. It will be before the full Board of Education for its' second reading and adoption in January.
 - iii. Payroll Time Cards: After a brief discussion the committee has asked Mr. Thiel to put together a packet for the committee describing how time keeping works now, for those doing exception reporting and those actually being clocked in and out by some automated process (i.e. the Bus Garage). **Action Item #6**: Committee requested Mr. Thiel gets packet together to M. Boyle, who will distribute it to the whole committee for review and thoughts on next steps at the next meeting.
5. **Discussion of BWB Risk Tracker**: A discussion about how best to prioritize and track all of the recommendations from the annual assessments occurred. **Action Item #7**: Mr. Boyle will incorporate the latest set of recommendations and updates from the BWB report dated June 30 2018 into the committee's existing risk tracker document. The updated risk tracker will be forwarded to all committee members for each to rank the items (high, medium, low), after which we will compare lists and create a single prioritized list to work down.

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6. **BOCES Supplemental Cyber Security Services / Infrastructure Review:** Mr. Boyle reported that Dr. Hughes is currently leading an effort to have BOCES review the District's overall technology infrastructure and make recommendations to the full Board of Education. A formal report is imminent and the committee's interest in additional cyber security services from BOCES will be put on hold pending the outcome of Dr. Hughes' infrastructure review.

7. **BoE Observation on Make-Up of Audit Committee:** It was pointed out to Mr. Boyle that NY state regulations explicitly state that paid District employees cannot serve on the Audit Committee. Therefore, the actual members of the Audit Committee shall be the two BoE members (Mrs. Plarr and Mr. Boyle) and our two community members (Ms. Cox and Mr. Robinson). If we require input from District administrators at meetings, they will be invited as guests to that meeting.

Next Meeting Date -Thursday March 14th 2019 - 7 AM at FEC.

Respectfully submitted on
December 17, 2018 by P. Boyle