

**Frontier Central School District – Audit Committee Meeting Minutes**  
**Thursday October 1, 2020 @ 7:00 AM – Virtual Meeting**

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**Attendees:** Kathryn Barrett (Freed Maxick), Nancy Cox, Dan Diplock, Davis Podkulski, William Thiel, and Patrick Boyle

Virtual meeting began at 7 AM via Google Meet. All six participants were in different geographic locations.

**1. Presentation of Draft Year End Reports by Kathryn Barrett of Freed Maxick CPAs:**

Draft copies of the three reports and the letter below were e-mailed to all committee members for their review a few days before the meeting.

- Audited Basic Financial Statements – June 30, 2020
- Report to the Board of Education – June 30, 2020
- Audited Extra Classroom Activity Financial Statements – June 30, 2020
- Representation Letter from District to Freed – October 1, 2020

Ms. Barrett walked the committee through the first three documents and answered member's questions. A few highlights included:

- the audit was conducted 100% remotely, this was a new challenge for everyone
- the process went smoothly and Freed was complimentary about the cooperation they received from our staff
- the actual revenue compared to budgeted revenue was very close (within \$79,000) - very good estimating by Mr. Thiel and staff
- 2020 Excess Revenues over Expenditures in the General Fund totaled \$1,966,229
- our unrestricted general fund balance is at the allowed 4% maximum
- this year's loss by Food Service of \$15,392 (deficit) was much better than last year's loss of \$87,275 (deficit)
- actual expenditures to budgeted expenditures were down significantly (\$4 million), probably due to COVID-19 shut-down – see page 48 of Audited Basic Financial Statements – June 30, 2020

She reported that the result of their audit **was an unqualified (clean) opinion** for the year ended June 30, 2020. In the Report to the Board of Education, one opportunity / recommendation is noted to be considered for improving controls around budget transfers.

The Audit Committee is recommending that the Board of Education (BoE) accepts these reports. Ms. Barrett will be presenting the reports to the full BoE for their review and hopefully acceptance at the BoE meeting scheduled for Tuesday Oct. 6<sup>th</sup> 2020.

The Audit Committee wishes to thank Ms. Barrett and Freed for their work, and to commend Mr. Thiel and the staff of the Business Office for obtaining another solid year end audit report. Ms. Cox also noted that to have a year-end audit without any auditor required

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year-end adjusting entries is unusual and a statement about the strength and professionalism of the District's financial team.

**2. NYSED Federal Individuals with Disabilities Education Act (IDEA) Grant**

**Audit/Review:** Mr. Theil reported that NYSED had a gentleman reviewing/auditing our Federal IDEA Grant program and that the gentleman had shared preliminary notes/finding as part of an exit interview. The District will be receiving a formal letter with the findings and instructions about any suggested corrective actions. The notes/preliminary findings indicated the control processes look adequate, but that not enough District documentation (procedures) existing to satisfy Federal Uniform Grant Guidance (UGG) compliance. While this review was going on, Mr. Theil was in discussions with Kathryn Barrett of Freed Maxick about how other District's were meeting these compliance documentation standards. Ms. Barrett has been a member of "The Association of School Business Officials (ASBO) New York Uniform Grant Guidance Work Group" which has developed a comprehensive sample "Federal Funds Procedural Manual". This manual was designed as a sample to be modified to specific District's nuances. Ms. Barrett has forwarded that "sample" manual to Mr. Theil, and it will be customized and adopted by our District. Once customized and adopted for Frontier, we believe that manual will serve as our corrective action plan to address the findings we expect to see in the formal letter from NYSED. Thank you to Ms. Barrett and the ASBO working group for creating this valuable resource.

**3. Review Internal Claims Auditor Report for June, July, and August:** The reports from Mr. Kofod for June, July, August were forwarded to all committee members via e-mail for review before the meeting. The number of items requiring follow up by Mr. Kofod are minimal and we thank Mr. Kofod for continuing to send the committee his monthly reports.

**4. Discussion on Audit Committee Project to Review RFP Status for District's Active "Significant" Professional Service Contracts:** At the BoE's request Mr. Theil shared a completed Excel spreadsheet listing all of the currently active professional service contracts with the Audit Committee. The list contained 56 entries. Specific information requested for each entry included; firm/company name, description of service, expected annual spend for service, number of years firm/company has been providing service to District, how many years ago was service last put out for bid, and current contract start and end dates. The committee is going to review this information to determine;

- if significant professional services (\$35,000 and up) are being sent out for bids as mandated in District policy 5410 - PURCHASING: COMPETITIVE BIDDING AND OFFERING
- if there are opportunities to do RFPs or negotiations (with single source providers) for the 2021-22 year

Once the committee completes its' review (target Feb. 1<sup>st</sup>), we will issue a written recommendation and plan (if necessary) to the full BoE for their consideration. The committee will work closely with Mr. Theil and the business office in developing the recommendation. **Action Item:** Mr. Boyle will be sending out an updated Excel list for

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committee members to indicate their suggested priority order to begin reviewing the 56 entries.

5. **2020-21 Committee Meeting Dates/Time:** It was the consensus of committee members to move our quarterly meetings to Tuesday mornings at 7:30 AM. Our next three scheduled quarterly meetings will be on;
  - Tuesday Dec. 8, 2020 at 7:30 AM
  - Tuesday Mar. 16, 2021 at 7:30 AM
  - Tuesday Jun. 8, 2021 at 7:30 AM
  
6. **Recommendation by Audit Committee to Switch External Auditor Firms:** The District has retained Freed Maxick for the past six years as our external audit firm, and they have been an excellent partner. However, best practice suggests that districts consider switching audit firms after five years to “stir the pot”. The committee asked Mr. Thiel to review the active BOCES RFP for external audit firms and make a recommendation. Mr. Thiel reported back to the committee and after discussion we are recommending, the District retains Drescher & Malecki LLP beginning this year. Mr. Thiel has obtained an engagement letter from Drescher & Malecki which will be added as an agenda item to an upcoming Board of Education meeting to request their approval. Mr. Boyle has notified Freed Maxick of the anticipated change and thanked Ms. Barrett for their excellent service to our District over the past six years.

Respectfully submitted on  
October 5, 2020 by P. Boyle