

Frontier Central School District – Audit Committee Meeting Minutes
Tuesday December 8, 2020 @ 7:30 AM – Virtual Meeting

Attendees: Nancy Cox, J. Mark Robinson, Davis Podkulski, William Thiel, Patrick Boyle, David DiTanna (BWB), and Justin Isaman (BWB)

Virtual meeting began at 7:30 AM via Zoom. All seven participants were in different geographic locations.

1. Presentation of 2020 Preliminary Risk Assessment and Internal Control System

Testing Reports by Internal Auditors: 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 the School Lunch Fund this year. Overall, the testing looked at nine areas and found the District's internal controls over the school lunch fund to be strong and well developed. Five recommendations are included in the report for the District's consideration. The **Internal Control Risk Assessment** report categorizes risks into thirteen (13) 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
- Information Technology
- COVID-19
- Future Government Accounting Standards

The report identifies specific observations/recommendations for sixty-four (64) items spread across the thirteen areas. Each of the thirteen areas' risk is categorized as; low, low-medium, low-high, medium, medium-high, or high. While all sixty-four 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, Transportation, IT, and other areas that were interviewed and/or provided information to the BWB auditors. Following are the plans to address these recommendations going forward;

Action Item 1: Mr. Isaman will e-mail final copies of the two reports to Mr. Boyle (rec'd 12-8-2020 later in the day), who will get them on the Jan. 5th 2021 BoE meeting agenda for review and potential acceptance by the BoE. Assuming the BoE approves the reports at that meeting, Mr. Thiel will send copies of the reports to NYSED as required. He will also have copies of the reports posted to the District's website on the Audit Committee's page.

Action Item 2: Mr. Boyle will create an updated tracking sheet for the sixty-four items and send it out to the committee within a week. Each committee member will review the

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spreadsheet and pick the seven they feel are most pressing (highest risk, best payback, etc.).

Action Item #3: The committee will have a working session on January 19th 2021 at 7:30 AM to reach consensus on the top seven “from the committee”, to then forward them along to the superintendent for evaluation and potential implementation. This approach will allow the committee (and the District) to work down the full list over time.

2. **NYSED Federal Individuals with Disabilities Education Act (IDEA) Grant Audit Letter and District’s Corrective Action Plan:** Copies of the official NYSED findings letter (dated 10-20-2020) and the District’s proposed “Corrective Action Plan” were given to the committee for review and comments. Mr. Thiel updated the committee on the work being done to adapt the comprehensive sample “Federal Funds Procedural Manual” developed by the Association of School Business Officials (ASBO) New York Uniform Grant Guidance Work Group. As discussed at our last meeting, the manual was developed as a template for individual districts to modify for their own use. Once completed, the manual will be Frontier specific, and will need to be maintained (periodically reviewed and updated) as a district regulation going forward.

Action Item #4: Mr. Thiel is planning to send the District’s response with the corrective action plan to the NYSED by the end of this week.

3. **Review Internal Claims Auditor Reports for September and October 2020:** The reports from Mr. Kofod for September and October were reviewed. The number of items requiring follow up by Mr. Kofod continue to be low and acceptable. We thank Mr. Kofod for continuing to send the committee his monthly reports.
4. **Project to Review RFP Status for District’s Active “Significant” Professional Service Contracts:** The spreadsheet listing all of the currently active professional service contracts (56 contracts as of Dec 1, 2020) was reviewed. The committee honed in on those with expected annual spend of \$85,000 and over (10 contracts). A few of these contracts have a single source provider (e.g., Town of Hamburg for District Resource Officer and the administrator for FCTA Benefit Trust) so RFPs are not relevant for them. The remaining eight were related to our universal pre-K program provider, health care contracts, insurance contracts, legal services, and architectural services. Major factors in the discussion were;
 - the number of years since the service was last put out to bid
 - value of long-term “district-specific” knowledge of providers – especially for legal and architectural services
 - acknowledgement that the district has been more pro-active in doing RFPs for the last few years

Frontier Central School District – Audit Committee Meeting Minutes
Tuesday December 8, 2020 @ 7:30 AM – Virtual Meeting

Action Item #5: Mr. Boyle will create the first draft of a report on the “RFP / Professional Services Review” and send it out to all committee members for their edits and comments. Over the next few months committee members will collaborate on this report. This report will summarize our findings and recommendations and be presented to the BoE. Hopefully, we will be able to finalize it at our meeting in March of 2021.

5. **Next Meeting** (working session for action item #3 above) – Tuesday January 19, 2021 at 7:30 AM (virtual)

Respectfully submitted on
December 11, 2020 by P. Boyle