

**Frontier Central School District – Audit Committee Meeting Minutes**  
**Tuesday June 8, 2021 @ 7:30 AM – Virtual Meeting**

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**Attendees:** Patrick Boyle, Nancy Cox, Daniel Diplock, John Montesanti, J. Mark Robinson, Nicole Ruf (Drescher & Malecki LLP), and Megan Wnek (Drescher & Malecki LLP)

Virtual meeting began at 7:30 AM via Zoom.

1. **District Fund Raising & Booster Club:** During May, due to inquiries from parents about certain sports team’s fundraising, questions came up regarding the booster club’s role in raising monies to support various student organization within the District. Mr. Diplock and Mr. Boyle did some research on district policies related to fundraising and the booster club, and shared a proposed update to District Policy “3260 Booster Clubs” with the committee. This draft has also been shared with our interim superintendent for his input. The proposed changes are intended to add additional controls to allow the district to monitor the booster club a little more closely in relation to funds for specific student organizations. The proposed changes will be shared with the booster club for their input, before presenting the draft to the full BoE for adoption. We are hoping to have the updated policy in-place within the next few months.
2. **Discussion of whether or not to switch internal audit firm for 2021-22 school year (BWB completing 6th year):** At the end of the 2019-20 academic year the committee switched external audit firms and said we would decide if we should consider switching our internal audit firm next year, which is now. BWB is completing their sixth year in this role and they have been an excellent partner. The committee feels we need to do our diligence and determine if we want to stay with BWB or switch firms.

**Action Item #1:** Mr. Boyle has requested Mr. Montesanti checks with BOCES to determine if there is an open RFP for Internal Audit Services which we could look at. If there is not one open, the committee will have to determine if we want to develop and float our own RFP.

3. **BoE and Superintendent’s Response to – “District Practices in Retaining Professional Services” Report:** The report was presented to full BoE at their meeting on May 4<sup>th</sup> 2021 (agenda item 7.5) by Mr. Boyle. The report was again discussed at the BoE meeting on May 20<sup>th</sup> 2021 (agenda item 5.1), specifically to address which recommendations to take action on. The BoE will address Recommendation #2 (finite list of authorized contactors to our legal firms) and Recommendation #8 (review of professional service renewals before Annual BoE Reorg meeting). Letters went out to our legal firms to address Recommendation #2 and the BoE asked that the Audit committee remind the district to initiate the review process in December for Recommendation #8.

**Action Item #2:** In December 2021, the Audit Committee will notify/remind the Superintendent and the Assistant Superintendent of Business to consider when to begin the process detailed in the report’s recommendation #8 below.

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**Recommendation #8:** Each year in January, a formal review of all professional service contracts up for approval at the upcoming July BoE Re-organization meeting should be initiated, asking (and documenting) answers to the following questions for each firm or individual;

1. If a reappointment, has the firm/individual provided the level of service (quality and reliability) we expect?
2. Are their costs in line with other firms/individuals that provide that same service?
3. If this provider has been in place with Frontier for more than four years providing this same service, is it time to consider putting the service out for bid, or is there some reason the district should stay with them avoiding a competitive bid?
  - i. Are they the single provider of this particular service?
  - ii. Is there significant value to their institutional knowledge of the Frontier District?

**4. Request by Drescher Malecki LLP (our external auditors) to meet with Audit**

**Committee:** This was the committee's introduction to our new external audit firm Drescher Malecki LLP. Ms. Nicole Ruf walked the committee through the outline she created which is on page 4 of these minutes. Ms. Ruf has been in contact with our interim business official (John Montesanti) to begin meeting our staff, coordinate audit activity timelines, and to bring the Audit Committee into the fold.

**5. Recap of May 13th Discussion with Erie I BOCES on Their Cyber Security Posture:**

Two of the priority items identified in the annual BWB Risk Assessment had to do with computer security/access and controls to ensure system availability. Most of our critical applications and network access are provided through Erie I BOCES. Dr. Whalen arranged for the district to have a conference call on May 13, 2021 with several members of Erie I BOCES IT (Information Technology) staff. The main purpose of the call was to determine if BOCES had retained any external 3<sup>rd</sup> parties to evaluate their cyber security posture in the past few years. These firms specialize in conducting penetration tests (trying to break into computer networks from the Internet) and/or to perform general computer controls testing to produce AICPA (American Institute of Certified Public Accountants) SOC1, SOC2, or SOC 3 reports. (SOC stands for System and Organizational Controls.) These reports are attestations about the state of an organization's ability to keep data secure and maintain system availability, among other items. While BOCES did share several projects, they are working on to enhance their overall cyber security posture, they have not retained an outside firm to do any testing for at least the past three years. Best practices in private industry dictate an outside review of companies that provide IT services to other companies at least every 2-3 years. It is the recommendation of our committee that we write a letter to Erie I BOCES suggesting they retain a cyber security firm to conduct a 3<sup>rd</sup> party assessment of their cyber security posture. While these studies can cost between \$25K-100K, the potential downside of BOCES going off-line for more than a day or two due to a

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potentially avoidable cyber security event would be extremely disruptive to Frontier and all of the other component districts.

**Action Item #3**: Mr. Boyle will draft a letter, get input from all committee members, and then present it to district administration and the full BoE for requesting their approval to send the letter to Erie I BOCES.

6. **Review Internal Claims Auditor Reports for February, March, and April 2021**: The reports from Mr. Kofod for February, March, and April were reviewed. There was only one item noted in each month which is very good. We thank Mr. Kofod for continuing to send the committee his monthly reports.
7. **Next Meeting**: September 2021, with specific meeting dates/times for the quarterly 2021-22 academic year to be determined during July.

Respectfully submitted on  
June 16, 2021 by P. Boyle

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The following items were presented by Nicole Ruf of Drescher Malecki LLP to the committee;



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**Audit Team**

- Nichole Ruf, Partner
- Megan Wnek, Manager
- Kyle Patronik, Senior Auditor
- Ronald Lawrence, Staff Auditor
- Sheldon Lip, Staff Auditor
- Alexander Jaeckle, Staff Auditor

**Independence**

- We are not aware of any matters that would impair our independence.

**Reports Anticipated**

- Opinion on the District's financial statements for the fiscal year ending June 30, 2021.
- Opinions on the District's compliance with laws and regulations, internal control and major federal financial assistance programs (single audit).
- Opinion on the District's extracurricular activity funds (cash basis).
- Auditors' communication letter (AU-C Section 260).
- Management letter (AU-C Section 265).

**Audit Plan**

- Meet with Audit Committee, discuss areas of concern.
- Audit planning, preparation of confirmations, etc.
- Perform substantive testing procedures.
- Compile reports and draft audit opinions.
- Meet with management, Audit Committee and Board of Education to discuss results.

**Anticipated Audit Timing**

- Planning: June 9<sup>th</sup> – June 11<sup>th</sup>
- Fieldwork: September 7<sup>th</sup> – September 24<sup>th</sup>
- Issue financial statements and audit reports prior to October 15<sup>th</sup>
- Potential dates for exit conference and discussions.

**Consideration of Fraud**

- Statements on Auditing Standards outline current fraud requirements.

**Areas of Concern/Concentration**

- COVID-19 relief
  - New accounting pronouncements: GASB 84, *Fiduciary Activities*
  - Client concerns:
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