

Onteora Central School District Audit Committee--Minutes

December 10, 2018

Committee Members Present: Robert Curran, Drew Boggess, Kevin Salem, Robert Burke Warren, Wendy Wolfenson

Invited Guests: Victoria McLaren, Superintendent, Monica LaClair, Assistant Superintendent for Business, Debra D'Aprile, District Treasurer, David Leather, Internal Auditor Questar III, Susan Evans, Questar III, Alexa Shaefer, Questar III

- 1) Call to Order
 - a. Meeting was called to order at 9:35am
- 2) Attendance
 - a. All present
- 3) Approval of Minutes – September 7, 2018
 - a. Drew Boggess first, Robert Curran second.
 - b. Wendy Wolfenson requested that in the future, if not all are in favor of a vote, that the reason why is mentioned
 - c. All in Favor
- 4) Review of Draft Internal Audit Assessment Report – David Leather

Mr. Leather started with reviewing the inherent risk areas on page 2 of the report. It would be here that they would mention if there was an area of concern. It is also an area where prior audits are listed. Page 3 shows the risk classifications of the various functional areas. For the most part they stayed the same. In two instances, Special Education and IT, the risk classification went down. In the area of Special Education it had to do with no longer receiving Medicaid, with IT, it was improved controls since the most recent audit.

Wendy Wolfenson asked if this is a reasonable matrix of where audits should be focused on. Mr. Leather said yes, this is where internal auditors look at in deciding where to focus their audits.

Robert Curran asked if tax collection could be added to the list. Mr. Leather said he would add it.

Kevin Salem asked why Payroll is considered a moderate risk. Mr. Leather responded that a lot of money goes through payroll and most

schools have many contracts and some of the contract language is confusing and could cause errors in pay. Mr. Leather also stated that ECA and school lunch are moderate due because of the cash that runs through and the change in staff.

Wendy Wolfenson asked why inventory was considered moderate. Monica LaClair and Deb D'Aprile spoke about inventory and the controls currently in place. However, given the size of some inventory items relative to their cost, inventory will always have an inherently moderate risk factor associated with it.

Mr. Leather then went on to the section of the report that discussed past year auditor findings. One area had to do with live payroll testing. The district did it for a number of years but then stopped. Mr. Leather suggested having employees sign for their W-2's might be a better way of testing. Superintendent McLaren mentioned that she used to run a new employee report in NVision and then track it to the minutes to which they were appointed.

Robert Curran pointed out that the one thing that bothered him was the fixed asset finding and that it might be worthwhile doing an audit. Deb D'Aprile commented that the district does a good job of tagging assets. Wendy mentioned that 7 years since an inventory audit is a long time. Deb D'Aprile will look to get quotes for an inventory audit.

Wendy Wolfenson than mentioned that the right to audit clause seems like an easy one to complete. Monica LaClair mentioned that up until it came up in the audit, she did not know it was a suggestion from a prior audit. She will look into including this language in contracts and independent retainer contracts.

Comments regarding IT came up. Mr. Leather mentioned that IT is always changing and that is a concern as is all the subscriptions and resources within IT. He is willing to share tips and contacts with John Reimer so he can look at best practice. As far as the separate computer for wire transfers, the district believes there are enough mitigating controls in place that makes this recommendation unnecessary.

One last comment had to do with the claims auditor reviewing the actual physical check prior to it being mailed out. Currently, the internal auditor reviews and signs off on the warrant and then leaves, the checks are printed and mailed, and then she signs off on the cash disbursement after she compares it to the warrant. It was decided that Deb D'Aprile, Monica LaClair and the internal claims auditor will review the process and see if and how this recommendation can be implemented in an effective and beneficial manner.

On the last few pages of the report, Mr. Leather summarized previously identified findings that were subsequently resolved.

It was discussed that the risk assessment will be shared with the entire Board of Education. Monica LaClair will forward to the District Clerk.

Finding no other questions or comments, the internal auditors excused themselves.

5) Review Audit Committee Charter

- a. Monica LaClair reviewed the history of the audit charter as it was known.
- b. The Committee then reviewed the charter and made some changes. Monica LaClair will make those changes and send them to the committee. Once they are all in agreement, it will be forwarded to the Board of Education for approval.
- c. Wendy Wolfenson brought up she still wondered about term limits. Kevin Salem said he would rather have self-imposed limits as good volunteers are hard to find and if someone thinks they can still be effective, he would like them to have the ability to stay on a committee.
- d. Monica LaClair will also review the audit policy to see if there is mention about appointing the committee and/or if the Board president is required to be on the committee.

6) Old Business

- a. It was brought up that Mr. Rossi was going to supply the audit committee with additional information. Monica LaClair will follow up with him.
- b. Deb D'Aprile is also still planning on reaching out to CapRegion BOCES to have them come in at the March meeting to discuss OPEB and its effect on school district financials.

7) New Business

- a. None

Next meeting is scheduled for Monday, March 4, 2019. Drew Boggess motioned to adjourn and Bob Curran second. All in Favor. Meeting ended at 11:00am.