

PITTSFORD CENTRAL SCHOOL DISTRICT

Audit Oversight Committee (AOC)

Wednesday, June 2, 2022

Barker Rd. Middle School – Mtg. Room 410

3:30 pm

THOSE PRESENT: M. Pero, D. Kenney, L. Reister, J. Casey, R. Scott, T. Zuber

THOSE ABSENT: R. Sanchez-Kazacos

1. The minutes from the December 8, 2021 meeting were approved.
2. Darrin introduced Mr. Tom Zuber from Mengel Metzger Barr & Co. LLP. Mr. Zuber explained the annual audit process and highlighted key areas (shown below). He noted that the process begins as a risk-based approach; by understanding what has changed from one year to the next. He said the first part of the audit approach is to recognize what has changed and then how to react to that change.

Mr. Zuber reviewed the handout highlighting the following areas:

- The scope of services
- Management responsibilities
- Audit Approach – Risk-based approach
 - Changes in personnel – are they following checks and balances?
- Key Controls
 - Information communication & technology, financial reporting, etc...
- Significant Audit Areas
 - Cash, payroll revenue receivables etc...
- Compliance
 - State laws & regulations
 - New federal dollars – Child Nutrition, CRRSA Act, ARP Act – Could re-coop funds back to March 2020
- Responsibilities Regarding Fraud Risk
 - Interview looking for risk of fraud
 - Characteristics – rationalizing, opportunity, pressures
 - Checks and balances reduce fraud risk
 - Whistle blowers most common way to identify fraud – this is the reason for interviewing personnel
- General Fund – Fund Balances and Reserves
 - Year-end fund balances - How to utilize surplus for long range plan for District
 - Challenges – inflation, staff shortages etc..

There was a discussion break at this point in the presentation regarding the importance of long range planning and the importance of capital reserves in order to reduce impact to the tax levy. Mr. Zuber mentioned that the current needs for reserves are a local decision rather than a standard percentage and are dependent on the plans and needs of the District.

- All 3 reserves total capital reserve (Bus Purchase, Technology and Capital Project). The District would need voter approval to move funds that voters have approved for certain purposes. Reserve funds not voted on are able to be moved.
 - Voters approve total maximum to put into capital reserve – How much year-end surplus is too much?
 - Sales tax is 12-15% higher than last year which is helpful for the District
 - Looking at large capital project 65-80M.

Mike Pero asked if Mr. Zuber expects audits regarding COVID federal funds. Mr Zuber answered that these funds are identified as higher risk funds and will most likely be audited. SED audit services will be looking at this. Mr.

Zuber was not sure which year this audit will happen. If the District is using these funds for previously approved expenditures, we can expect a clean audit. We should be prepared to provide details for equitable allocations of these funds.

Mr. Zuber concluded his presentation highlighting other items such as:

- CRRSA Act and ARP Act – Education Stabilization Funds (After 6/30/21)
- OSC Accounting bulletin – Retainage Payable
- GASB Updates
 - Statement 87, Leases – Effective year ended June 30, 2022
 - Statement 96 – Subscription-Based information technology arrangements – Effective year ended June 30, 2023

Mr. Zuber left the mtg. at 4:04 pm

3. The Internal Claims Auditor Report for the period of July 2021-December 2021 was reviewed. The District's internal claims auditor, Cindy Haggerty was unable to attend the meeting. Findings from 91 warrants were reviewed. No areas of significant concern or fraud identified. Findings were corrected as found.

It was noted that the District did not do payroll audits in March due to COVID. This will be completed next year.

There was a discussion regarding the District's claims audit process. Mike Pero explained there is follow up for any significant issues. The District's audit process is involved – every transaction is reviewed. The goal is to educate employees on the importance to follow processes in order to continue to reduce findings during audits.

- Process is currently very manual with receipts/forms. Electronic process may be considered, but should be vetted by auditors to confirm process would clear future audits.

4. The Hungerford Vinton, LLC 2020-2021 Internal Audit Report – Payroll & Benefits was reviewed.

- Darrin explained that Hungerford Vinton did not finish audit, but presented a powerpoint presentation rather than a report, then completed this report when it was requested.
- Included in the findings – Pittsford is very paper oriented and the payroll process in particular could be enhanced by using an electronic information system.

There was a discussion regarding work that has been done to ensure personnel changes go to the board; new hires, title changes, and MOA's for units or employees when involving finances. These new processes increase comprehensive communication between departments.

5. Committee Charter Review:

- Robin Scott and Jeff Casey will continue as AOC members.

6. Next meeting –

- New audit company will be introduced
- Jeff Cimmerer will give technology software operations review

Adjournment: 4:24pm

Respectfully submitted,

Donna Hansen
Asst. to Asst. Supt. for Business