

PITTSFORD CENTRAL SCHOOL DISTRICT

Audit Oversight Committee (AOC)

Wednesday, May 22, 2024

Barker Rd. Middle School – Mtg. Room 410

3:30 pm

PRESENT: M. Pero, M. Vespi, R. Smith, J. Casey, R. Scott, T. Zuber (Mengel, Metzger, Barr), K. Crowley & C. Tompkins (Freed Maxick CPAs, P.C.)

ABSENT: R. Sanchez-Kazacos

At 3:30 p.m. Introductions were made.

1. The meeting minutes from December 6, 2023, were reviewed and approved.

2. Risk Assessment 2024 – Katelyn Crowley

Kate distributed the Preliminary Draft of the Risk Assessment and Internal Audit Plan dated April 13, 2024. She asked the committee to look at pages 5 & 6 of the report. The matrix shows Risk Factors and assigns a rating of Low, Medium or High for Inherent Risk Factors and Control Risk Factors. Pittsford has very good ratings.

The matrix also assigns a Rating from 1 to 17 with 1 being the most risk. For Pittsford:

- 1 is Payroll Processing
- 2 is Purchasing and Cash Disbursements
- 3 is Budgeting, Governance and Reporting.

Kate stated that page 22 showed their Internal Audit Plan.

- In 2025 the audit will be focused on Payroll.
- In 2026 the focus will be School Lunch Fund Receipts.
- In 2027 the focus will be on Budgeting, Governance, and Reporting.

Mike V. suggested that Purchasing and Cash Disbursements would be a better focus for 2026. Kate stated that the plan can be discussed and revised. Freed Maxick did not perform the District's internal audits prior to 2023.

Kate asked the committee to turn to page 3 to discuss the Results of Review of Internal Controls and Conference Calls.

- Payroll – Paper timesheets

Para-professional use timesheets for regular hours and additional pays. The additional timesheets have become onerous for the payroll staff to process. Due to the volume of these transactions, there is a lack of oversight, review and approval over the time included on these timesheets. Freed Maxick recommends that a system of increased oversight be employed over these timesheets, and they should be summarized and approved at the building or department level.

Mike V. response – Business office staff are scheduling off-site visits to review automated timecard systems in other school districts. Visits should be completed by July 31, 2024. A committee will be formed to recommend a solution by January 1, 2025 with implementation no later than July 1, 2025.

- Payroll – Paraprofessional additional pays

Paraprofessionals can submit timesheets to be paid for classroom coverage of unassigned classrooms and additional para-professional duties in those covered rooms. This can result in a paraprofessional being paid multiple times for the same number of hours worked in accordance with their contract. These additional pays might be considered a gift of public funds. Freed Maxick recommends the District renegotiate the paraprofessional contract to include these additional duties under a standard pay structure.

Mike V. response - Meetings with union representatives will be held prior to August 1, 2024 to discuss the possibility of combining rates into one hourly rate. The best-case scenario would be that memorandums of agreement can be reached prior to September 1, 2024.

- Internal Claims Auditing

The Internal Claims Auditor currently audits all claims and approves them for payment within WinCap. This process “locks” the claims. Utilizing WinCap for approvals eliminates the need for the detailed review of the payment schedule report and the final warrant. Freed Maxick recommends the Internal Claim Auditor eliminate their detailed review of the payment schedule report and the final warrant to improve efficiency.

Mike V. response – He will review the process with Ginny. The plan is to eliminate the detailed review of the payment schedule by June 30, 2024.

T. Zuber joined the meeting at 3:25 p.m.

K. Crowley and C. Tompkins left the meeting at 3:45 p.m.

3. Mr. Zuber distributed his handout and highlighted the following areas:

- Mengel, Metzger, Barr (MMB) generates the District’s external audit and financial statements.
- MMB looks at risk and the risk involved in the District’s financial processes and procedures.
- There is more work where there is more risk.
- MMB reviews the District’s compliance to NYS and Federal Rules and Regulations and looks at transactions to confirm if compliant.
- Address the risk of fraud and react to any concerns they observe.
- Each Fall they review the District’s financial statements and provide the District any issues they observed with the external audit.
- Tom stated that the District has a good reserve plan and should document reserve conversations.
- The State Controller issues their opinion, but there is no legal enforcement of the opinion.
- Mike V. stated that discussion on reserves has occurred in Board of Education meetings and Budget discussions during the school year. The BOE has asked the District Clerk to record the discussions in meeting minutes.
- Tom suggested that the plan be available on the district website. Mike V. stated he will work with Rachel to update and post the reserve plan on website.
- Tom stated that the State Education Department will need the final cost reports for federal grants by the end of October.
- Mike Vespi stated that the District is in “good shape” with Federal and State grants.
- Tom stated if the District has a vote on Electric Buses, the amount presented must be the gross amount.
- Mike V. stated the District’s recommendation plan for electric buses may not be available until December 1, 2024.
- Tom mentioned that existing infrastructure for many communities is a factor with regards to electric buses.
- Tom stated that SED is performing ID audits looking at policies related to personal identification for staff and students.
- Effective June 30, 2025, Districts will have to disclose any significant events or items within the District’s boundaries.

Tom left at 4:01 p.m.

4. Claims Auditor report

- Ginny stated from July 2023 to December 2023, there were 102 warrants in the amount of \$817,123,44.60.
- Ginny stated billing concerns with 3 companies have been corrected.
- Mike V. stated that there will have to be additional updates to the Travel and Conference Form. Employees should not use Expedia as they do not provide the State Contract Room Rate. Any

receipts submitted to the district using credit cards cannot show any points the employee may have earned.

- Ginny stated the employees of the Business Office are always responsive when she has any questions.

Ginny departed at 4:07 p.m.

5. Discussion on Automation of Attendance Records & Timesheets

- Mike V. stated he has talked with Suzanne Walder, the representative from WinCap about the district moving to automation of attendance records and timesheets.
- Mike V. mentioned personnel from the Business Office will be visiting other Monroe County school districts to observe their automated processes.

6. Additional Investment Accounts

- Mike V. stated that since April, funds have been moved to NYLAF. In one week, the District has earned more interest than it did in a 3 week timeframe prior to the funds being moved.
- Expecting \$1 M to \$1.3 M net by the end of the calendar year.
- If interest rates stay high, the additional revenue earned in interest can be used towards future District budgets.

7. Reserves

- Rachel discussed District Reserves and recommended amounts to add to reserves with end of year surplus funds. Final recommendations will be presented to the BOE at the June 11 meeting.
- The District has four basic categories of Reserves.
 - Support operating expenses – 4 reserves
 - Support retirement expenses – 1 reserve
 - Support capital expenses – 4 reserves
 - Restricted for need – 3 reserves

8. AOC membership – Terms and Members/2024-25 meeting dates/agenda items

- Robin stated that a new member is needed to join the AOC as Rene has served for 6 years.
- Mike V. asked if Robin and Jeff could review the proposed AOC meeting dates for any conflicts.

Adjournment: 4:19 p.m.

Respectfully submitted,

Nancy Neamtu

Assistant to Assistant Superintendent for Business