

**AUDIT COMMITTEE MEETING
MINUTES OF
MAY 22, 2019**

BoE: Dan Heintz, Glenn Niles

BCSD: Valerie Henning-Piedmonte, Victor Karlsson, Elena Nash-Graham, Susan Morgan, Nikki Horler
(Absent: John Clark)

Community Members: (Absent: Todd Dolphin)

Presenters: Alan Kassay, Partner - PKF O'Connor, Davies, LLP, Eric Schmid & Marco DiRusso - Tobin & Company, LLP

Meeting began at 8:00am.

Victor Karlsson quickly reviewed the minutes of the October 2, 2018 Audit Committee meeting, and reminded the group of the impending Comptroller's Audit. He informed the committee that the District has not yet been notified of the Comptroller's anticipated start date for their fieldwork, but hoped that it would occur soon.

Susan Morgan reviewed procedures for the Extra Classroom Activity Fund (ECAAF) [student clubs], which are communicated through annual training for Club Advisors (Teachers) and Central Treasurers (Teachers). Forms and procedure narratives are provided, which also include [NYSED's guidance document](#). Sue noted the most common findings:

- Transactions should include more detailed supporting documentation
- Fundraising activities must be approved by the Chief Faculty Counselor (Building Principal) in advance of the event and should include a reconciliation of planned proceeds vs actual proceeds after completion
- Club Advisors should assist the Student Treasurer in reconciling the Club's accounting records to ensure agreement with the Central Treasurer's records

These findings were reviewed with the Central Treasurers and the Chief Faculty Counselors of each building for corrective action. Nikki Horler reinforced the procedures in place for fundraising activities, and described the notification process in her building.

Marco DiRusso provided an overview of the Internal Audit function, which assists the District in improving its operational efficiency. He noted that improvements made based on internal audit recommendations often avoid citations in Comptroller's audits.

The use of the SchoolDude work order management system was discussed. Marco noted the benefits of the system if utilized to its full potential, but stressed that the District needs to enforce the use of SchoolDude more effectively. Victor noted the District's response to the findings and the measures that have already been put in place to implement the auditor's recommendations. Valerie Henning-Piedmonte added that tracking a work order system emphasizes accountability and ensures that work is performed satisfactorily.

Overtime was discussed and Marco noted that there are sufficient controls in place to prevent unauthorized overtime. He commended the District for the use of a biometric timekeeping system.

It was recommended that the District establish a schedule or calendar of daily, weekly, monthly, seasonal, and annual tasks. Victor acknowledged the importance of this recommendation, in light of the impending retirement of the Director of Facilities next fall. He thanked the auditors for already providing a template of these activities, which will be adjusted to fit Brewster's needs.

Physical controls for inventory were discussed and it was acknowledged that safeguards are in place to prevent unauthorized purchases or an overstocking of inventory. Kenny Winch described the safeguards in place to prevent misuse of the District's three Home Depot credit cards. Eric Schmid further recommended that fuel usage reports be reviewed by the Director of Facilities, as opposed to the Supervisor of Transportation.

A recommendation was made to purchase ice melt in bulk to be stored on-site, to which Andy Bates emphasized the District's limitations imposed by NYC Department of Environmental Protection regulations. Alternatively, individual bags of ice melt are purchased through NY State contract as needed.

The Agreed Upon Procedures Report was reviewed and it was determined that only one of 65 transactions were subject to sales tax. The District acknowledged this transaction and will include the \$6.22 sales tax in its 2019-20 NYS Sales/Use Tax Return.

Alan Kassay discussed the establishment of the TRS Reserve and reviewed the funding limitations of the new statute. Victor informed Alan that the Board of Education adopted the TRS Reserve Resolution at its April 23, 2019 meeting. He further explained that the Finance Committee would be reviewing this reserve and making a recommendation to the Board of Education for funding levels at the June 25th meeting.

Alan lead the Planning Meeting, which is a required meeting in advance of the external audit engagement. He noted that the preliminary audit fieldwork is scheduled for May 22nd & May 23rd and the financial statement audit fieldwork is scheduled for July 29th - August 2nd. Alan noted that there were no new GASB pronouncements that would affect the District for this year's audit.

Elena Nash-Graham questioned whether or not the GASB financial statements affect the District's bond ratings. Alan responded that bond rating agencies do not evaluate the GASB financial statements when issuing bond ratings. They are aware of the unique qualities of local governments and school districts, which they consider when assigning ratings.

Victor informed the committee that the Focus Area Report and Agreed Upon Procedures Report will be submitted to the Board of Education at the June 25th meeting.

The next Audit Committee meeting is scheduled for Tuesday, September 24, 2019 at 8am, at which point the external (financial statement) audit and internal (risk assessment) audit will be reviewed. Those reports will subsequently be provided to the board of Education at the October 15th meeting.

Meeting ended 9:07am.

Respectfully submitted,

Susan Morgan