

Frontier Central School District – Audit Committee Meeting Minutes
Thursday December 14, 2017 @ 7:00 AM @ FEC

Attendees: Patrick Boyle, Mary Ann Costello (via telephone), Carolyn Robertson, J. Mark Robinson, and Justin Isaman (Buffamante Whipple Buttafaro, PC)

1. **Internal Auditors Presentation of 2016-17 Risk Assessment by Justin Isaman of Buffamante Whipple Buttafaro, PC:** Mr. Isaman distributed copies of two documents to the committee; “Internal Controls System Testing” and “Internal Control Risk Assessment” both dated June 30, 2017. The annual risk assessment and controls system testing are two separate mandated activities from NYSED. This year for the specific controls testing we directed BWB to look at capital project fund related to Phases 3 & 4 of the \$29.75 million capital project.
 - Highlights from the “**Internal Control Risk Assessment**” pointed out by Mr. Isaman and discussed at our meeting included;
 - Purchasing & Cash Disbursements: Review process to pay invoices, asking receivers of goods to send proof of receipt to business office rather than having business office request proof when receiving invoice – opportunity to be more efficient
 - Self-insurance: Consider doing some type of auditing/sampling on third party administrator to ensure that all claims they pay are for district employees, their spouses, dependents, etc.
 - Retirees’ Health Insurance: Investigate opportunities to automate the current manual process to track and manage retirees’ health insurance.
 - Federal & State Grant Programs: Continuing education for individuals involved with grant reporting in regard to the federal government’s Uniform Guidance.
 - Student Activities – Point of Sales Records: Mr. Isaman noted the state has been stepping up its’ reviews of student activity funds. These processes involve our central treasurer, club advisors, and student treasurers and required continued education and reinforcement.
 - Information Technology Safeguards: Many of the District’s computer systems are housed at BOCES and the District should again inquire with BOCES to determine if they have all of the proper cyber security safeguards in place. Check with them to see if they have had any third-party penetration testing done or anything like an SSAE16 or SOC 1,2 or 3 compliance report done.
 - Highlights from the “**Internal Controls System Testing**” done on phases 3 and 4 of the \$29.75 million capital project pointed out by Mr. Isaman and discussed included;
 - Requests for bids were not solicited for certain professional services including; architect/engineer, construction manager, fiscal advisors, and attorneys. Bids for these services are not required by NYS law but since these costs are generally significant, bidding will help ensure appropriate expenditures for these services.
 - Evidence of multiple quotes in procurement process: Sampling indicated that all procurement was properly authorized, but in some cases evidence of the quotes not accepted were not kept. Just need to keep all of the quotes, not just the successful ones – maintain paper trail.
 - Review process for proper authorization of all change orders. Testing found all change orders were signed off by the superintendent and communicated to the Board, but believe NY SED needs them to be signed off by the Board President.

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- **Overall comments on both reports:** Both reports are complementary to the Districts' overall posture in performing its' fiduciary responsibilities to maintain appropriate controls. The items highlighted above all represent opportunities for the District to improve its' accounting controls and reduce financial risk across District operations. The Audit Committee thanks Mrs. Robertson, the Business Office Staff, and all District employees for their continued vigilance in maintaining our financial controls in day-to-day operations.

Action Items:

- a) Mrs. Robertson has volunteered to get our BWB Risk Assessment Tracking Sheet updated as per the BWB June 30, 2017 report and then back to Pat.
 - b) Pat will get copies of the updated tracking sheet to all committee members.
 - c) Committee members will review tracker and each pick their top 5 for prioritization and establishing target dates (with Mrs. Robertson's input) at our next committee meeting.
 - d) Copies of the "Internal Controls System Testing" and "Internal Control Risk Assessment" documents will be given to the entire Board of Education for review and adoption at the next Board of Education meeting on January 16, 2018.
 - e) Pat will check with BOCES to see what computer security assurances they can share with our district.
 - f) Mr. Isaman will investigate NY SED regulation regarding who needs to sign off on capital project changes and get information to Mrs. Robertson so we can ensure we are following correct procedure.
2. **Review of Claims Auditor Reports Sept'17 thru Nov'17:** Committee reviewed the monthly reports for the previous three months looking for any recurring themes or departments. No concerning trends were noted and we thank Mr. Speranza for the detailed reports he e-mails to our committee each month.
 3. **Update on Open Policy Items:** As recommended by our internal auditors (BWB) and by our committee, at the Board of Education meeting on Dec. 12th at item 13.2 a new "whistle blower" policy had its' first reading. This policy, Policy 6451 - Disclosure of Wrongful Conduct (Whistleblower Policy) is attached to these minutes. It will be up for second reading and adoption at the January 16, 2018 Board of Education meeting.
 4. **Thank you to Community Member Jerry Bartone:** Our committee would like to recognize and thank Mr. Jerry Bartone for serving on the Audit Committee for the past three years. Mr. Bartone joined the committee in January of 2015 as the third community member concurrently serving. Having committee members who are independent of our district staff and elected school board members brings a unique and helpful viewpoint to the committee. His business acumen and insights will be missed.
 5. **Next Meeting Date** -Thursday March 18th 7 AM at FEC.

Respectfully submitted on
December 18, 2017 by P. Boyle