



**Bethlehem Central School District
Audit Committee Meeting
Minutes
June 10, 2013**

Members Present: Matt Downey, Caitrin Navarro and Charmaine Wijeyesinghe.
Others Present: Thomas J. Douglas, Judith E. Kehoe, Phyllis Albano, Jim Cusack and Jason Marra of Cusack and Company, and Ken Ziobrowski of Questar.

Chairman Downey called the meeting to order at 5:30 pm.

Approval of Minutes

A motion was made by Charmaine Wijeyesinghe, seconded by Caitrin Navarro, and unanimously approved, to approve the minutes from the January 30, 2013 Audit Committee Meeting.

Cusack and Company Pre-audit Discussion

Jim Cusack and Jason Marra provided an overview of their expectations for the conduct of the June 30, 2013 audit (their third one for the district). Field work will begin in the coming week. Jim reviewed the required pre-audit communication with the governing body, delineating our mutual responsibilities. He provided a copy of the engagement letter. Discussed the areas they will review and how they will identify the areas to be tested, particularly as it relates to the Schedule of Federal Assistance as part of the OMB-133 Single Audit. They noted that there is a new supplemental schedule that is required, which tracks the cumulative costs of the unfunded GASB 45 liabilities. Discussed that a review of Food Inventory would be desirable. Jim noted that it is not necessarily material for the independent audit, but that it might be a good area for the internal auditors to review. Cusack targeted October 2nd as the date that they would be ready to present the draft financial statement to the board.

Review of the proposed inter-municipal agreement with Questar III for the 2013-14 school year

The committee reviewed the proposed agreement for services and recommended that the contract be recommended for approval by the board. It was noted that the budget includes funding for 15 days of testing, and that there were no increases in pricing.

Presentation of the Updated Risk Assessment Report by Ken Ziobrowski and Discussion of Areas to be Reviewed in the 2013-14 School Year

Ken Ziobrowski presented the results of his updated risk assessment. He gave an overview of the procedures utilized to make the assessment and reviewed the detailed report. Key points included the following:

- Noted that transportation inventory went from moderate to low risk due to improvements in controls.
- The lunch program inventory went from moderate to high because as of his testing date in March, the perpetual inventory records had not been implemented. He noted this is typical for many districts, and that he only has one district that is effectively using a perpetual inventory tracking system.
- He noted improvements in ECA funds, and that Bethlehem's controls are some of the strongest he has seen within this area. He noted progress with the middle school ECA funds, and that the Central Treasurer is being more proactive.
- Consider adding a Questar cross contract for physical inventory of PPE to the 2013-14 budget. Explore acquiring software for the tracking of fixed assets.
- Cash receipts for adult education and guidance could be reviewed. The policy 6130-R should specify expectations for handling of deposits.
- Asked that we follow up with Sal DeAngelo about the length of time before an unattended computer turns itself off (four hours or two?).

The following work plan was agreed upon by the Audit Committee:

- Review of controls surrounding the Food Service inventory. With program changes coming with the likely elimination of the MyPlate program at the high school, this is a good area to focus on.
- Review of the tracking of facility usage revenues. Ken noted he has done this type of review for other districts. Was asked to comment on how our fee structure compares to other districts.

Next Meeting

The agenda will include review of the Cusack and Company draft audit report, to be scheduled September 25, 2013.

The meeting was adjourned at 6:37 pm, upon a motion by Charmaine Wijeyesinghe, seconded by Caitrin Navarro, and unanimously approved.