



**Bethlehem Central School District  
Audit Committee Meeting  
Minutes  
June 13, 2012**

Members Present: Matt Downey, Laura Bierman and Caitrin Navarro.

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 Laura Bierman, seconded by Caitrin Navarro, and unanimously approved, to approve the minutes from the November 22, 2011 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, 2012 audit. They noted that the same team of staff would be in place: Lauren, Wendy, Jim and Jason. They expected that the second year of audit work should require fewer hours to complete based on the experience they gained with last year's audit.

They noted that OSC has focused on reserves in recent audits of other districts, so they will check these areas as well. Their special testing varies. They don't always check all areas every year, preferring to rotate their testing areas. General audit testing is integrated with single audit compliance testing, to get broader coverage. Matt asked them to look at fund balances, especially in light of the OSC finding on the Tax Reduction Reserve. He also sought feedback as to how Bethlehem compares to other schools.

Jim reviewed the required pre-audit communication with the governing body, delineating our mutual responsibilities. He noted that the engagement letter is coming. We advised that their appointment would occur at July board meeting, and that the signed letter would be returned to them after the board's action.

Cusack targeted September 15th 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 2012-13 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.

## **Presentation of the Updated Risk Assessment Report by Ken Ziobrowski and Discussion of Areas to be Reviewed in the 2012-13 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:

- Consider making it mandatory for the club advisors to train their students, not just "wise" for them to do it.
- Noted that students should be doing most of the bookkeeping elements.
- Lockbox could be considered; however, Audit Committee felt controls were adequate, and lock box would cost more, without providing a major benefit.
- Consider adding a Questar cross contract for physical inventory of PPE to the 2013-14 budget.
- Judi will ask Sal to give a report to board as to how he is tracking all IT devices.
- Automated system for reporting attendance. Judi will check with Sal. It was noted that automation is possible, but that set up is a major initiative and that the software solutions are quite costly. Recognized that added efficiencies could help generate savings that might defray the cost.
- Matt and committee seek additional information on numbers of students participating in clubs on a regular basis, and how frequently the clubs are meeting.
- Consider automating facility usage process. Noted that software is costly, and lack of centralized person to coordinate, given that many requests are building specific, tends to lend itself to the decentralized process in place now.
- Contemporaneous vehicle log for AI was implemented. Judi should review the log.
- Phyllis will work with Paul to help automate his food inventory, perhaps even going beyond an excel worksheet, where he could keep perpetual inventories.

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

- Approximately 3 days reviewing Extracurricular Activity controls (student participation and frequency of meetings can be reviewed by Questar).
- 12 days reviewing Transportation routes, efficiencies, sporting events and extracurricular requests. Ken noted he has usually been requested to look at fuel usage and purchasing controls; however, he would be happy to review these other areas for the district. Committee sought a review of percentage of ridership statistics. Audit Committee asks for reasonableness in picking stops, not necessarily a full mile. Also a review of overtime costs.

### **Next Meeting**

The agenda will include review of the Cusack and Company draft audit report, to be scheduled in late September 2012.

The meeting was adjourned at 7:18 pm, upon a motion by Laura Bierman, seconded by Matt Downey, and unanimously approved.