



**Bethlehem Central School District
Audit Committee Meeting
Minutes
September 25, 2012**

Members Present: Matt Downey, Caitrin Navarro and Charmaine Wijeyeshinghe.

Others Present: Dr. Thomas Douglas, Judith E. Kehoe, Phyllis Albano, Al Karam, Ken Ziobrowski and Holly Taft of Questar III, and Jim Cusack and Jason Marra of Cusack and Company.

The meeting was called to order at 6:08 pm.

Approval of Minutes

A motion was made by Cait Navarro, seconded by Matt Downey, and unanimously approved, to approve the minutes from the June 13, 2012 Audit Committee Meeting.

Selection of Committee Chairperson

Matt Downey agreed to serve as Chairperson, and was reappointed by unanimous committee decision.

Presentation of the Draft Internal Audit report by Questar III

Ken Ziobrowski and Holly Taft presented their report. They noted that there were 111 routes in 2011-12, and the district was down to 83 routes for the 2012-13 year, based on changes in routing.

We discussed the Non-Allowable Pupil Decimal (NAPD) report. This is a report that is submitted to SED every three years (unless there has been either an addition or a closure of a school building), and forms the basis of deductions in transportation aid. When the district transports students who live within 1.5 miles of school, the state disallows costs associated with these routes. The Committee asked for district staff to review if there is a way to configure the routes to minimize the non-allowable students. Al and Judi will provide additional information to the committee on this.

We discussed that although Transportation was given clear direction on how to establish the parameters for transportation eligibility and for walking distances to bus stops, the Board policies have not yet been updated to conform to the new parameters. When updating the policies, it will be important to note certain exceptions to established walking distances, for things such as student IEP's and streets that can't be turned around on.

It was noted that elementary bus capacity was at 57% in 2011-12, but should be much higher this year given the reduction in the number of routes. Questar's reports calculated capacity for the regular runs separately from the capacity for out-of-district runs (BOCES, special ed, and private/parochial) so as not to distort the overall totals.

There was extensive discussion on non-routine trips, typically for athletic trips and field trips, and the practices regarding billable vs. non-billable trips. Although the district's practice is consistent with what many districts do in these times of limited resources, Questar noted that billing for the trips is contrary to SED regulations. This would put the Board in a position of either choosing to fund trips, or to deny the trips altogether. Given the trips for things such as Lab school programs and Nature's Classroom, there are many practical implications to consider.

It was suggested that perhaps we partner with BOCES and PTO's for the Arts in Education program.

The next area that Questar will review is an update to ECA funds, focusing on cost/benefit data, considering stipends paid vs. the number of students participating.

Presentation of the Draft External Audit Report by Cusack and Company and District's Draft Corrective Action Plan

Jim Cusack and Jason Marra presented the draft audit report, reviewing the various areas tested, and results of compliance testing on Federal grants. They noted that the Single Audit program has a \$500,000 threshold, and that the Major program threshold is \$300,000 (these limits affect the testing that they need to do). They selected two funds for compliance testing and then performed limited testing on other areas. There were no findings based on their audit work.

They noted that the ERS/TRS accruals are higher due to the rate increases.

The Committee recommended that the Board accept the report on the October 3rd agenda. If available, Jim Cusack will present an overview. Judi Kehoe will also present a summary.

The Committee requested that for next year, they get the draft reports sooner so they have an opportunity to review it in advance. Judi Kehoe and Jim Cusack noted that the October 15th deadline imposed by the state creates some practical difficulties in producing the report earlier than we have been, especially for a District of our size, but that we will use our best efforts to complete the drafts sooner.

The management letter comments were reviewed and discussed. It was noted that the findings on Extracurricular Activities were typical, especially given that the clubs are intended to be a form of training for students on how to manage business affairs. The recommendation on how to improve the inventory procedures in food service are in progress. The leave accrual calculation change has been communicated to staff.

The draft report was approved by the committee, upon a motion made by Charmaine Wijeyesinghe, and seconded by Caitrin Navarro. A summary of the report will be presented by Judi Kehoe at the October 3, 2012 board meeting, and the Board will act to officially accept the report at this meeting. The report will be submitted to SED and OSC by the October 15, 2012 deadline.

Next Meeting

The agenda will include review of the internal audit work by Ken Ziobrowski. The meeting date will be selected after we have scheduled the field work, and have a release date for the draft report.

The meeting was adjourned at 7:48 pm.