



Audit Committee Minutes

Mr. Rubin, Chairperson - Presiding

PRESENT: Ms. Herlihy, Mr. Galetta, Mrs. Kelland

ALSO PRESENT: Mrs. Crandall and Ms. George, VDDW

There was no one from the public present.

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| Mr. Rubin called the meeting to order at 7:01 p.m. | CALL TO ORDER |
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| Pledge | PLEDGE |
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| 1.) Internal Audit Draft Report | INTERNAL AUDIT DRAFT REPORT |
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| Ms. Crandall distributed the report and advised that the audit process went smoothly, especially since this was a first year engagement. The professionalism and thoroughness of the audit team lent itself to a seamless transition. Ms. George indicated that she was impressed with the overall operations of the District. The firm conducted their audit based on risk assessment. There are four types of risk – inherent, control, probability and impact. These are defined in the attached draft report. She would provide a summary of findings to the Audit Committee. Ms. Crandall indicated that the business office would be preparing a corrective action plan for these items after further review and investigation and that this report would be available at the next audit committee meeting for review. | |
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| Findings: | |
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| Governance and Planning – there are policies that are required to be included in a school district’s policy manual. These were stated to the District Clerk and with advisement from legal counsel, these are on the policy committee’s agenda. | |
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| Financial Accounting and Reporting – the Internal audit firm was very impressed with Ms. McConologue and her practices in the position of Internal Claims Auditor for WCSD. The Internal Claims Auditor needs to review the actual checks instead of copies. Ms. Crandall indicated that when checks are printed the machine also makes a copy of them simultaneously and the system does not allow for changes. Even with this information, the business office has been | |



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| providing the actual checks to the Internal Claims Auditor for her review since December 2014. | |
| Cash Management and Investments – the auditors noted that the remote desktop used by the business office for banking had only one username and password. (the remote desktop has no access to email This is an added security feature for online banking as there can be no phishing schemes to gather our information illegally.) Ms. Crandall indicated that the remote desktop is where the business office begins their banking process. They use the desktop to access the internet and the individual institutions websites. For each institution each business office individual has their own separate log on, set of passwords and banking tokens. The only shared access they have is the starting point for the process – the remote desktop. Additionally, they cannot have more than one remote desktop so even if they wanted to they could not change the outcome. | |
| Petty Cash – there are restrictions as to the maximum amount that petty cash can be. This maximum is \$100. The District had two petty cash funds in excess of this maximum. Ms. Crandall indicated that this has been corrected already and was put before the Board of Education for approval. | |
| Payroll and Personnel – the auditors noted some permission conflicts between Human Resources and Payroll. These should be corrected to strengthen internal controls. Ms. Crandall shared that the segregation of work between Human Resources and Payroll has never been clear and that this is a priority of the new Superintendent to address. | |
| Inventory Controls – the auditors noted that when assets are set to be disposed of there is no entry in the financial system indicating that they have been moved to a temporary location prior to disposal. I.e.: a school bus taken out of service is moved to the RCK Annex pending auction. The District does not currently change that asset’s location from the main garage to the Annex. The District will look into how this can be processed. | |
| Transportation – the auditors are questioning why the District does not utilize the miles per gallon option in the software. The District will follow-up on this item. | |
| Food Service – the auditors noted that the full Medicare expense was not shown in this fund. The District did look into this and with the new financial package this oversight is not possible. The coding of this expense is automatic which was not available in MUNIS. | |
| Extra-classroom Activity – the auditors spoke with each Central Treasurer at the secondary level. Based on these conversations the auditors suggest that there be formal training of the Central Treasurer’s . The District doe supply training for all extra-classroom participants annually. | |



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| Discussion was had as to an area of concentration for the 2014-2015 year work (to commence in late fall 2015) and two areas of note were the payroll/human resource permission review as well as a review of the capital projects. | |
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| Ms. George left the meeting at 7:37 p.m. | |
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| <u>Class of 2014 Draft AUP report by Bonadio Group</u> | CLASS OF 2014 DRAFT AUP REPORT BY BONADIO GROUP |
| This report was not available for this meeting. Ms. Crandall asked if this could be added to the next meeting's agenda. | |
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| <u>RFP external auditor</u> | RFP EXTERNAL AUDITOR |
| Ms. Crandall supplied the committee members with the 2013 RFP used for external auditor as well as a copy of updates made to meet the 2015 RFP. Ms. Crandall asked for feedback from the committee and Mr. Rubin provided the committee with a two week window (3/9/15) to do so. It was agreed that this committee would interview prospective firms at the next meeting based on the rubric prepared by the Purchasing Department. Ms. Crandall is to work with Purchasing to meet the timelines of the committee with regard to a May date for interviews. If possible the committee would like the date of the interview included in the RFP. | |
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| After the interview is completed the Committee will make a recommendation to the Board of Education, and if all is in agreement, appoint at the July 2015 Reorganization Meeting. | |
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| <u>Approval of Minutes</u> | APPROVAL OF MINUTES |
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| Mrs. Kelland moved, seconded by Mr. Rubin, to approve the minutes of the November 25, 2014 minutes as stated. | |
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| Vote taken. Unanimous approval. | |
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| Next meeting date is scheduled for Wednesday May 27, 2015. Tentative agenda items include – the corrective action plan as prepared by the business office for the internal audit, the DRAFT 2013-2014 AUP Class of 2014 report by Bonadio Group, the entrance interview for the 2014-2015 external audit by the Bonadio Group and interviews for 2015-2016 external auditors. | NEXT MEETING DATE |



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| Adjournment | ADJOURNMENT |
| Mrs. Kelland moved, seconded by Mr. Rubin, to adjourn the meeting. | |
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| Vote taken. Unanimous approval. Time is 7:59 p.m. | |

Respectfully Submitted,

 Kristen Crandall
 School Business Manager

 Susan Penney
 District Clerk