North Rose – Wolcott CS
Audit Committee Meeting
October 3, 2018

Those Present: Board Members John Boogaard, Danny Snyder, Robert Magin (Assistant Superintendent for Business; Richard Walker, Shared BOCES School Business Manager; Mike DeBadts, external auditor

Location: NRWCS District Office

Agenda of Meeting:
The audit committee was given two documents done by Mr. Debadts. These documents were reviewed by the committee and questions brought up were answered.

1. **NRW Financial Executive Summary**
   - Overall fund balance in the General Fund increased by $378,000
   - The Reserve Analysis page was reviewed as to how we are following a plan to use and replenish fund balance when called for. The auditor told us that the state likes to see a district have a reserve plan and then use it. The budget process followed a defined plan.
   - At the end of the fiscal year there were many purchases through BOCES which then generated aid.
   - The large variance in revenue ($977,702) was due to increased state aid over projected and budgeted for.
   - Summary of other Funds – The auditor was very positive in seeing our positive fund balance in the area of school lunch program. He stated most districts have problems in budgeting for this line item.
   - Equity-wide Financial Statement – Due to change in accounting rules, districts did not have to account for the liability for retiree health benefits but now we do and so the liability number looks very inflated. Also in the area of our Total Net Position, the auditor was pleased to point out we have a good positive number for a district our size. Many districts he deals with have a negative in this line.

2. **Communicating Internal Control Related Matters Identified in an Audit or " Management Letter.**

This part of the audit allows the auditor to inform the audit committee if there are deficiencies in internal controls or a material weakness. Items cited in this report can be minor or very serious in the use of district money and accounting.

NRW had one area of very minor **prior** year deficiencies:

- Summer School 4408 Program – this is our summer program for special education students. There were minor differences between the expenditures reported on the books and records of the district and what was reported to the state on EFH-670 forms. The auditor made a special point of pointing out that NRW has shown significant improvement in monitoring these items and reporting forms.

Current Year Deficiencies in Internal Control

- Fuel usage not reconciled to fuel purchases. NRW now has controls in place as to who can use fuel as well as the software, fobs, and PINS to determine usage. The discussion around fuel usage showed that this is an area of improvement and there was no illegal

use of fuel.

- Other Item – This seems like an item all districts receive because it was a general warning to manage cyber risk.

Prior Year Recommendation – The auditor was pleased to report that the district fully implemented a process of getting the proper number of quotations when there is a purchase.

This audit was done by Raymond F. Wager A Division of Mengel Metzger Barr & Co.

3. **NRW Corrective Action Plan –** submitted by R. Magin as a report on the prior and current year's action plan.

Prior Year – Summer School 4408 Program

Last year, auditors wanted the district to continue to review and reconcile the special education program reporting form. The District has made good progress in doing this.

CAP – The Assistant Superintendent for Instruction and School Improvement has contacted the District's third party administrator for STAC services. The District will attempt to have this reconciled by November 15, 2018.

Current Year Deficiencies in Internal Control:

Fuel Pumps and Usage – Usage not equal to fuel purchases.

CAP – NRW uses Fuelmaster which allows fuel to be dispensed by use of a key fob for per vehicle and a driver PIN. The Shared Business Manager will work with the Transportation Supervisor to implemented procedures which will reconcile fuel usage to purchases. This will be done by December 31, 2018.

<u>Audit Committee Action:</u>

The Audit Committee made a motion (Mr. Boogaard, seconded by Mr. Snyder), to recommend that the following be presented to the entire Board of Education for discussion and approval.

1. Basic Financial Statement For Year Ended June 30, 2018.
2. Report called Communicating Internal Control Related Matters Identified in an Audit.
3. The Corrective Action plan submitted by NRWCS.

All were in favor.

Submitted by – John Boogaard