

Beekmantown Central School  
Audit Committee Minutes  
September 26, 2012 @ 2:30 pm  
District Office

<b><u>Present:</u></b>	Ed Marin, Chair	Visitors:	Mary Blaine, <i>School Business Executive</i>
	Cathy Buckley		Eric Bell, <i>District Treasurer</i>
	Pauline Stone		Jennifer Hicks, <i>Payroll Clerk</i>

The meeting was called to order at 2:30 pm by Mr. Marin.

The Audit Committee recognized Mr Marin's appointment effective on August 14, 2012 to the Board of Education board seat vacated by Mrs. Karen Armstrong. Inclusive of the appointment, the BOE President appointed Mr. Marin to all committee assignments previously held by Mrs. Armstrong and Mr. Marin accepted the Chair position.

Mary Blaine volunteered to keep the minutes for the Committee meeting.

The Audit Committee reviewed and discussed the Claims Auditor reports for July and August 2012 as submitted by Lynn Darcy the claims auditor. The committee expressed concern over continuing non-compliance issues from the Athletic Department. It was noted that 3 of the 4 exceptions logged in these reports were related to Athletic activities. The Committee will request assistance from the Superintendent to address the lack of improvement and corrective action in this area.

The Risk Assessment Report states that opportunity for misstatement of financial information or misappropriation of assets can arise from concentration of management in few individuals, weak Board oversight, poor segregation of duties or unusual or complex transactions. It also clearly states that the Board may set a tone by not implementing corrective actions to audit findings. Therefore the board discussed the need to review and improve policies that shall allow the Superintendent to address those risks highlighted in the report. Such specific examples mentioned in the audit are as follows:

- 1) *Assignment of staff for supervision at athletic events solely at the discretion of the Athletic Director. There are no formal criteria or guidance to determine which events need coverage for the level of coverage required.*

- 2) *School districts are only authorized to make payments to employees if the payment is covered by a contract or approved by the Board of Education. Management does not have the authority to make such payment decisions on its own nor change contractual language without Board approval.*
- 3) *The risk of management override appears to be higher at the building level than for financial statement reporting. It is possible for the District budget to be circumvented by teachers and the administrators by requiring student funding. It is also possible for teachers and administrators to otherwise circumvent policies and procedures. In our judgment, the effect of these overrides to the District is of **High Risk** in relation to the other areas studied.*

The audit committee therefore discussed the need to review existing policies to determine if they are too vague or missing requirements that may assist the Superintendent. It was also discussed that policies and authorization mechanism for time accounting are requested from the administration for review.

Mary Blaine explained to the Audit Committee that the regular monthly financial reports were being held up until the finalization and completion of the external audit. The Auditors are scheduled to complete fieldwork during the week of October 1, 2012. It is expected to have draft 6/30/2012 Audit Reports within the next couple of weeks. Due to the significant increase in volume of business office activity and consistent follow up from a compliance regard in day to day purchasing and payroll activities as well as the reduction of staff, all year end reporting and activities are backlogged.

The Audit Committee then revisited the Internal Audit Report submitted by Carl Seyfarth, CPA during the late spring 2012 for the purpose of receiving updates on corrective action procedures.

The Audit Committee then discussed the risk assessment summary from page 11 of the report and determined to focus on medium and high risk areas identified to insure the administration and management was responding appropriately to improve compliance and oversight where weaknesses were noted. The group discussed a desire for stricter compliance to purchasing policies and payroll processing and with a strong desire toward reduction of management overrides - ie: not following proper procedures.

Jen Hicks and Eric Bell each gave updates for their respective areas of financial compliance.

The next meeting will be scheduled after the completion of the 6/30/12 year-end audit.

The meeting was adjourned at 5:00pm

Respectfully submitted,

*S/ Mr. Ed Marin, Chair*