



BATAVIA CITY SCHOOLS

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Scott C. Rozanski, Business Administrator

January 25, 2012

Minutes of Audit Committee Meeting (January 23, 2012)

Audit Committee Members attending: Gary Stich, Wayne Guenther, Jim Mungillo, Phil Ricci

District Employees attending: Margaret Puzio (Superintendent), Chris Dailey (Deputy Superintendent) Scott C. Rozanski (Business Administrator), Sally Sanford (Treasurer), Pam Buresch (Medicaid Compliance Officer)

Others Present: Nancy Mitchell (claims auditor)

Claims Auditor: Nancy Mitchell reviewed the findings from October through January. There are no significant findings to report.

Medicaid Update: Pam Buresch reported that all there were minor findings as a result of the claims processed by the contracted service providers. These claims have not been submitted and the contractors involved are in the process of correcting the problems. All contracted providers credentials that were outstanding at the beginning of the school year have now been verified. All Medicaid service providers are verified monthly. Beginning in 2012-13, contracted providers will be verified before providing services prior to the start of the school year.

Minutes: The minutes of the October 3, 2011 audit committee were approved.

District Extraclassroom Activity Audit: Ms. Sanford audited all clubs in and reviewed the audit comments with each advisor. The documentation of the receipts that the auditors have cited as a weakness in internal controls was located in the advisors files and not with the central treasurer. Ms. Sanford will continue to audit the clubs on a monthly basis. It is hopeful that most of the external auditor findings will be eradicated during the 2011-12 fiscal year.

Internal Audit: Mr. Rozanski indicated that testing for the annual risk assessment is complete and he is in possession of a tentative draft of most of the findings. There appears that there is nothing significant to report and Mr. Lauffer will be reviewing the tentative draft and updating the findings with a goal to have the risk assessment finalized at the next meeting.

Insurance Review: The District, through the safety committee, has worked on a draft of the new internal process for reviewing potential worker's compensation claims. Mr. Jacobs will investigate each claim and begin to implement a proactive approach to reducing our claims. The committee suggested that we review the cases where unemployment is also claimed and try to find light duty work for those individuals. NYS School Board Association will be sending out the RFP for General Liability insurance on February 1. The audit committee will review the RFP analysis at the next meeting before BOE approves.

Omni P3: The District's third party administrator for the tax shelter annuity program (403B) has implemented a new program. The program is designed to designate providers into one of two categories. All providers in Omni's system were invited to participate in this program. The providers that comply with the new requirements will ensure common requirements such as (sample provided in the notes): errors and omissions insurance, report any recent or unresolved litigation; willingness to assume costs associated with plan administration, share quality control audits, agree to transaction turnaround times, website security, common recordkeeping practices, etc. The District has three options for implementation:

1. Keep all current service providers open to all staff (most costly to the district);
2. Grandfather all current accounts in and apply the P3 requirement to new accounts to use only the P3 service providers
3. Force all staff to move to the P3 providers (least costly to the district).

The District will be exploring option #2 as it is the least disruptive to existing staff and also save approximately 42%.

Bond Refunding: Mr. Rozanski has been working with the District fiscal advisor, Jeff Smith from municipal Solutions, on a possible refunding (refinancing) of the 2003 and 2004 bonds. It is anticipated to save the District, in local funding, approximately \$579,000 through the 2018-19 fiscal year. Questions regarding the anticipated costs, are prepayment options available to the District, interest rates of the current bonds and current bond rating (A1). Mr. Rozanski will look into it and respond to the audit committee via email.

Draft Budget Review: Mr. Rozanski updated the audit committee on where the budget tentatively stands. There are some final adjustments that will be made this week. The budget book will change slightly and also there will be some additional documents relating to trending of certain items (payroll, benefits, etc). The committee also agreed that unemployment costs and retiree healthcare costs should be should be budgeted so the District does not over-expend its budget. There will be a revenue line item (appropriated fund balance from each reserve) to offset the additional costs.

Next Meeting: The next meeting is tentatively set for April 19, 2012 but confirmation of the external auditors and the New York State School Boards insurance consultant will be obtained to verify the tentative date.

Respectfully Submitted,

Scott C. Rozanski,
Business Administrator/Board of Education Clerk