



BATAVIA CITY SCHOOLS

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Minutes of Audit Committee Meeting - May 21, 2012

Audit Committee Members attending: Gary Stich, Wayne Guenther, 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), Nancy Mitchell (claims auditor)

Others Present: Dave Mancuso – Freed Maxick Battaglia, John Rynkiewicz – Raymond F. Wager CPA PC, Jeff Bryant – Bryant Asset Protection Inc.

Extraclassroom Activities – The District has been auditing the extraclassroom activity funds for compliance with the external audit findings and with District policy and procedures. Ms. Sally Sanford reviewed the audit findings with the audit committee. About one third of the clubs ledgers on the employee common area were not in balance with Finance Manager but it is possible that the advisors are maintaining a separate ledger from the new District ledger for each club that was established this year. There were some cash receipt issues where the supporting documentation was not always getting to the central treasurer. A couple of the Principal assemble accounts did not meet the definitions of a club were closed out this year and a couple of the profit and loss statements for completed fund raising activities have yet to be completed. By initiating this more aggressive strategy during the 2011-12 fiscal year, we are hopeful that the external audit report will reflect improvements in our internal controls.

Medicaid Update: Ms. Pam Buresch reviewed the new process of the Random Time Moment Study that is now required for Medicaid. Ms. Buresch also reviewed her recent audit of the District Medicaid Program. The few findings were reviewed with the management team and Mrs. Trisha Finnigan and Mr. Rozanski will review the findings with Ms. Buresch and correct the minor few issues (such as 1 student was ineligible to be billed for and was, the one bus contractor submitted an unsigned proper transportation log and correction process to be followed on the District notes/documentation to make sure the claim is not invalid, not claiming groups of 1, IEPs being followed and attendance verification in infinite campus, voiding session not claimed). Total errors to be corrected amounted to less than \$500. Beginning in 2012-13, contracted providers will be verified before providing services prior to the start of the school year.

Internal Claims Auditor: Nancy Mitchell reviewed the findings from February through April. There are no significant findings to report. The audit committee agreed to provide support for Ms. Mitchell in finding additional internal auditor training.

External Auditor: Mr. David Mancuso reviewed the audit plan, including District and Freed Maxick Battaglia responsibilities for the current fiscal year. The interim testing is to be completed in May 2012 with the audit completed in early August and the external audit report being finalized in October 2012. The external audit is due to NYS by October 15, 2012.

Internal Auditor: Mr. John Rynkiewicz reviewed the 2011-12 Risk Assessment report which included correction to eight previous findings of various risk levels. Six additional findings were highlighted in the report (5 low risk and 1 medium risk). The District responses to the Risk Assessment findings are also included in the report and there are no high risk findings to correct and a total of 3 medium risk findings in need of correction. Mr. Rynkiewicz also reviewed the results of the payroll audit. There were no unusual findings in either report.

Insurance RFP – Jeff Bryant from Bryant Asset Protection reviewed the results from the insurance RFP. The recommendation from Bryant Asset Protection is to change insurance from Utica National Insurance, through Dan Hale to NYSIR, increase our deductible from \$1,000 to \$10,000 and to pick up cyber security coverage. The District would also be eligible for a free appraisal of its assets every five years (about a \$15,000 savings). The annual savings in making the switch was significant enough, over 10% to justify changing companies. Mr. Rozanski will conduct a research on NYSIR's fiscal strength and make a recommendation to the BOE.

Minutes: The minutes of the January 23, 2012 audit committee were approved.

Charter Review and Standing Agenda Items - The audit committee reviewed the Charter and will begin to prepare for the annual self-assessment that is in the process of becoming a requirement of the audit committee. There will also be standing items on future audit committee agendas that will be reviewed each meeting.

Internal Auditor Testing for 2012-13 – The audit committee decided to test the separation time and attendance and pay for Superintendent Margaret Puzio. Testing will begin about 1 month before Mrs. Puzio's last day.

Transportation RFP – The District will process a Request For Proposal for the 2012-13 athletic and field trips. Attica Bus, which services our special education student population and out of District Private and Parochial schools, will be extended at the CPI and Mr. Rozanski will negotiate with First Student about extending the contract for Home/School transportation services to 80% of the CPI.

Bond Refunding: Mr. Rozanski presented the finalized option to refunding (refinancing) of the 2003 and 2004 bonds. It is anticipated to save the District, in local costs in the Debt Service Fund, approximately \$100,000 to \$110,000 and extend the life of the Debt Service fund. There is no change in building aid to be received and no change in payment cycle. The committee decided to proceed with the refunding of the bonds since interest rates make this very favorable to the District. The BOE will need to adopt a resolution in June so the process can be completed over the summer.

2012-13 Audit Committee Members: Mr. Stich and Mr. Guenther will no longer be serving on the committee in 2012-13. The Board of Education will decide at the re-organizational meeting, which members will serve on this committee. Mr. Rozanski will try to find a couple of members from the community.

Next Meeting: The next meeting is tentatively set for late September so the committee can review the draft audit report. Meeting dates for 2012-13 will be scheduled in the fall of 2012.

Respectfully Submitted,

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