

PITTSFORD CENTRAL SCHOOL DISTRICT

Audit Oversight Committee (AOC)

Wednesday, September 23, 2020

Meeting Room 301

3:30 pm

THOSE PRESENT: M. Pero, D. Kenney, L. Reister, T. Aroesty, I. Narotsky, R. Sanchez-Kazacos, C. Heagerty, T. Zuber, M. Hungerford, T. Hungerford,

1. The Charter was reviewed and the committee determined no changes were necessary. Mrs. Rene Sanchez-Kazacos accepted the position of AOC chair for the 2020-21 school year.
2. The minutes from the May 27, 2020 meeting were approved.
3. Mr. Tom Zuber, of Mengel Metzgar Barr & Co. Raymond F. Wager Division, was present to review the external audit for the year ended June 30, 2020. He explained the audit was a high-level review of the financial statement of all school funds, key controls, material transactions, procedures and protocols, and reviews balances to ensure they are correct. The audit firm has issued a clean opinion regarding District finances. Mr. Zuber complimented the District's Management's Discussion and Analysis (MD&A) as it spoke to factors (COVID, full day kindergarten, etc.) influencing the District's financial future for the next several years.

Mr. Zuber handed out and discussed the Financial Executive Summary that provides a 2-year comparison snapshot of the assets and liabilities for years ended June 30, 2020 and 2019 and highlighted the following:

- Summarized Balance Sheet
- Total assets up slightly from last year
- Largest portion of liabilities due to retirement systems
- Fund balances and Reserve Analysis- very positive, spoke to the need for districts to contribute funds to flexible reserves since impact of COVID may be felt several years from now
- Revenue Summary - overall positive, some impact from COVID
- Expenditure Summary - down this year due to COVID
- School Lunch Program - sustained operating loss due to COVID, transfer from General Fund to cover
- Debt Service fund - less earnings and decrease in transfers
- Capital Project fund - fund used for roof and fuel pump projects
- Corporate style financial statement - result of GASB (Governmental Accounting Standards Board) and is a requirement - includes all operating funds of the school district combined into one fund, capital assets and long term liabilities, providing a net asset number. The District's report indicates a seemingly large negative asset balance due to the need to accrue post-retirement benefits. Mr. Zuber will attend a future BOE meeting to address

Mr. Zuber left at this time - 4:15 pm.

4. Mr. Tim Hungerford, Hungerford Vinton, LLC, advised members how the Risk Assessment was conducted and spoke about the firm's process in formulating the final report. Mr. Hungerford described the procedure as a means to understand the District's processes, control tests, etc., while taking into account management, mechanical or manual intervention, and political sensitivity. The auditors are also aware of the areas NYS auditors tend to focus on and use that criterion as a factor. The auditors see this assessment, not as a critique, but as a way to improve or strengthen existing processes. They felt that several areas could benefit from further attention, expressing the primary focus at this time should be Human Resources procedures. The reasoning being that human capital, being the largest expense of the District, procedure impact is

significant and with the approaching change of management now would be an opportune time to review and strengthen procedures for the incoming person. After discussion it was determined that Hungerford Vinton would conduct a focus audit of Human Resources prior to new leadership, helping to establish and or strengthen processes and protocols, working as a team player with a helpful, not critical eye. Mr. Pero complimented the firm on the way interviews for the assessment were conducted.

5. The Hungerford Vinton team and Mr. Aroesty left- 4:40 pm.
6. Mrs. Cindy Heagerty provided the Claims Auditor Report focusing on transactions for the period of January through June 2020. As a BOE appointee, Mrs. Heagerty looks at every financial transaction to ensure that proper procedures are followed. In reviewing the report, Mrs. Heagerty noted that transactions and dollar amounts were down, attributing that COVID. She also noted the number of warrants increased due to weekly credit card review, rather than monthly. She also stated that while COVID posed some difficulties in strictly following processes some exceptions were made (i.e., copies of certain documentation as opposed to original paperwork). Items of note were a specific bid not charging the bid amount (Accounts Payable worked successfully to correct), items shipped to home addresses (Accounts Payable successfully worked to contact recipients and verify items were brought to the district), only 1 payroll verification audit (usually 2) due to COVID. Mrs. Heagerty also included an Exception Report. This type of report is issued when information is lacking to verify the transaction meets the District guidelines. She also noted that the number of confirming purchase orders rose, but attributes this to the closure of school buildings and people's inability to enter purchase order requests in a timely manner.

Next meeting is January 20, 2021

Adjournment: 5:00 pm

Respectfully submitted,

Kathleen Dimitri for Deborah L. Carpenter
School District Clerk