

**DRAFT**  
**MINUTES OF THE MEETING OF THE PLAINEDGE BOARD OF EDUCATION**  
**AUDIT COMMITTEE MEETING**  
**July 14, 2015**

At the Audit Committee Meeting of the Board of Education of the Plainedge Union Free School District, Town of Oyster Bay, Nassau County, New York held at Plainedge High School, North Massapequa, New York on July 14, 2015 there were:

**Present:**

**Mr. Joseph Caruso, Chairman**  
**Mrs. Catherine Flanagan**  
**Mr. Raymond Paris**  
**Mrs. Debra Grieci**  
**Mr. Dennis Gustafson**  
**Mr. Douglas Pascarella**  
**Mr. Eric Szillus**  
**Mrs. Sisi Wong Townson**

**Also Present:**

Mr. Peter Porrazzo, Assistant Superintendent for Business

**Call to Order:**

Mr. Caruso opened the meeting at 7:04 pm.

**I. Approval of Minutes**

Result:           Approved  
Mover:            Grieci  
Seconder:         Gustafson  
All in Favor:     Grieci, Pascarella, Flanagan, Gustafson, Paris, Szillus, Townson

**II. Old Business**

**a. Review of 2014-2015 Spreadsheet**

Mr. Joseph Caruso gave a brief review of the 2014 – 2015 spreadsheet

**III. New Business**

**b. External Audit Planning (Jill Sanders – Cullen & Danowski)**

Ms. Jill Sanders of Cullen & Danowski led the discussion surrounding an Audit Committee Meeting and the reports that Cullen & Danowski produces. She explained the team that is in place at Cullen & Danowski and what each of her team members handles. Ms. Sanders then went onto discuss the External Audit Planning report. Ms. Sanders explained that the objective section of the Audit is to express an opinion the financial statements and whether or not the team thinks that the financial statements are fairly stated. Ms. Sanders explained the criteria that needs to be followed based on what is outlined, stating that the team gives opinion on compliances. She explained that audit engagement is designed to obtain reasonable rather than absolute insurance and that if when assessing risk, if the conclusion control is not in place or operating effectively, such items would be communicated in a management letter sent to the

district. Ms. Sanders explained what the material errors of fraud means and that Plainedge has a protocol in place. She further explained that during an Audit, not all transactions are looked at, rather a sampling of various transactions is taken. She gave an example of what happens when looking at Payroll and internal controls and that a Management letter is sent to the district that contains all findings, if there are any.

Ms. Jill Sanders continued to go through her report, explaining district responsibilities based on the financial statement. She explained the last audit and what was covered and highlighted that the bulk of information comes from the business department and that the business department makes the decision as to what should be included in the financial statements.

There was an explanation on the application of accounting policies, and that the business department is responsible for having numerous processes in place, that should be communicated to all parties responsible for being in the know with such items such as GASB and state funding. She explained the process of reporting fraud, should there be an allegations of such.

Ms. Sanders continued to go through her report and discussed bullet points in the audit process and explained what each meant. She stated that the district runs books and records and that Plainedge does a very good job at making everything available to Cullen & Danowski and that they are very good at keeping records. She explained that her team looked at how things were running from last year to this year and that her team had unrestricted access to personnel to understand why they are doing what they are doing. Looked at how things are looking from last year to this year. Unrestricted access to the personnel. Understanding why they are doing what they are doing; stating that all key employees were interviewed and all went very well.

Auditor's responsibilities were discussed, including an example of what might be found should there be inefficient operations. She stated that to date, there have not been any communications of significant deficiencies to the district but if there had, then it would go in the management letter. Ms. Sanders also stated that if there was anything that is a high alert item, the Board of Education President would be made aware of it immediately. Ms. Sanders continued through her report and spoke about the Audit emphasis area and testing controls that impact the financial statements. She spoke about looking at the corrective action plan that Mr. Porrazzo put in place last year, to include the disaster recovery plan, outstanding checks and what needed to be cleared as well as the extra classroom activity funds and timely deposits. Ms. Sanders spoke briefly about the Capital Reserve II Fund, which gives authority to fund out of existing reserves and complimented the team on a good job opening the Reserve II Fund. There was a brief discussion between Mr. Gustafson and Ms. Sanders regarding whether or not it is possible for a district to be over reserved.

Ms. Sanders continued to speak of her team and the audits performed, such as evaluating potential internal control weaknesses. She explained other items that were reviewed such as the Special Education program, Title 1 food services program, a look at the minutes, high risk audit areas, review of staff as well as a review of numerous financial documents from the business department.

Mr. Gustafson asked Ms. Sanders a question regarding the Energy Performance Contract and if they are going to be spending any time on discussing/reviewing the results. Ms. Sanders stated that she didn't think any results would be seen until 2016 but that this item would be something to discuss with Mr. Porrazzo and the business department.

Lastly, Ms. Sanders addressed what happened with health insurance costs and pension reporting. She explained the GASB34, gave examples of TRS and the way that it works with Plainedge in regards to the statement of assets for reporting purchases and the statement of activities.

- c. **Internal Audit – Presentation of Student Related Services (Marianne Van Duyne – R.S. Abrams) Appendix D**
- d. **Internal Audit – Presentation of Capital Projects (Marianne Van Duyne – R.S. Abrams) Appendix E**

Ms. Marianne Van Dyne of R.S. Abrams, took the audit committee through the Internal Audit for Student Related Services and the Internal Audit of Capital Projects. She stated that R.S.Abrams took a look at cash disbursements to make sure that expenditures did not exceed bids, and that costs for projects were being spent accordingly. She stated that the Business department is doing a great job of monitoring cash disbursements. Change orders were reviewed, all contracts were on file as appropriate as well as all necessary pre-construction documents. Ms. Van Dyne stated that everything is in order.

Mr. Carusi asked about one of the recommendations on references policies and asked Mr. Porrazzo about it, requesting that he think about the response and a time frame associated. He also stated that the corrective action plan needed to be tightened.

Ms. Van Dyne, stated that they were good reports and that with student related services, SED – there are a lot of guidelines and regulations, including the SAVE program. She stated that there weren't a lot of findings or recommendations. She explained that the board policies were being reviewed and that there were no additional policies seen in other districts that she could recommend. Ms. Van Dyne stated that enrollment of students; documentation of residency etc. are all on file and everything is correct in PowerSchool, with proper categorization. Ms. Van Dyne said that her team went through everything in the audit that they cross checked and reviewed everything to ensure accuracy and that there were no issues with any files that were tested. Everything is in order, there were no problems and that files were all complete. As far as safety issues with students was concerned, there were no problems there whatsoever. Lastly, Ms. Van Dyne stated that all in all, everything was in order.

Mr. Caruso stated that internal reports are very important and that if everything is nice and tight and in control then everything just flows. With the External audit there were just 3 findings and that the district is where we need to be. He complimented everyone for a great job!

#### **IV. Question & Answer**

There were no questions.

#### **V. Adjournment**

**Result:** Approved  
**Mover:** Grieci  
**Second:** Flanagan  
**All in Favor:** Grieci, Pascarella, Flanagan, Gustafson, Paris, Szillus, Townson

**Caroline Fratrik**  
**District Clerk**