

Sachem Central School District at Holbrook

Audit Committee Meeting Minutes

May 7, 2008

The meeting was held on Wednesday, May 7, 2008 at 6:00 pm in the District Office Conference Room. Present at the meeting were Maureen Cahill - member, Theresa Raiola – member, April Vitale – member, Marianne VanDuyne – RS Abrams, Patricia Giunta – RS Abrams, Ernie Smith – Nawrocki Smith, Dimitris Bantileskas – Nawrocki Smith, Tony Falco – Board of Education member, Sal Tripi – Board of Education member and Bruce Singer, Assistant Superintendent for Business.

Marianne VanDuyne spoke of the External Audit Plan for April 2008 to November 2008. She introduced the Client Service Team. The Audit Manager for Sachem School District will be Patricia Giunta, CPA.

Reports to be issued: Independent Audit Report, Management Discussion and Analysis, Financial Statements, Internal Controls over Financial Reporting, Compliance, Audit of Financial Statements performed in accordance with government audit standards, Extra Classroom Funds, Compliance with SAS #114 Management Letter.

Marianne spoke of management responsibilities. The District is responsible for adopting sound accounting policies, establishing and maintaining internal controls and preventing and detecting fraud. The District is responsible to prepare timely and accurate financial statements. RS Abrams responsibilities are to conduct the engagement in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in government auditing standards, issued by the Comptroller General of the United States. RS Abrams will express an opinion on the financial statements. There will not be a detailed examination of all transactions. RS Abrams will perform the audit to obtain reasonable assurance rather than absolute assurance of any material misstatement, and inform the Board of Education of any errors, irregularities including fraud or defalcations.

The Audit Committee shall provide oversight and communicate with senior management, internal auditors, claim auditors and external auditors.

Marianne spoke of the audit timeline.

April 2008 through June 2008

Conduct Planning Meetings, perform preliminary, analytical procedures, interview District management, perform a walk through of each significant process, review prior year management letter and corrective action plan, review of financial documents, communicate with Internal Auditors and Claim Auditors, meet with Audit Committee

and management, perform test of control procedures, perform single audit tests, and prepare third party confirmations.

August 11, 2008 through August 15, 2008

Complete test of controls and single audit testing. Substantiate audit procedures, audit extra classroom funds.

September 2008

District to submit ST-3, review draft of financial statements, prepare draft management letter, obtain management representation letter.

October 2008

Meet with Audit Committee to discuss draft of financial statements and management letter. Meet with Board of Education to present final financial statement and management letter. Preliminary fraud risk assessment includes management override of internal controls, proper revenue recognition, separation of payments, Information Technology, journal entries, budget transfers, W-2/1099 compliance, payroll and personnel controls, procurement and claims processing, cash receipt controls, computer controls, cash controls, journal entry controls, budget transfer, extra classroom, school lunch, fixed assets.

Marianne discussed new laws; 403B regulations, IRS Section 409A, Deferred Compensation, Fund Balance, GASB 45, SAS #112.

Bruce Singer distributed the copies of the June 30, 2007 Balance Sheet, analysis of June 30, 2008 Fund Balance, comparison of Reserves to 2007/08 Budget. There was a lengthy discussion of Fund Balance management. It was agreed by all that the current Sachem Reserve level is appropriate and actually on the low side. At 3.8%, Sachem has one of the lowest percentages of reserves compared to budgets. An analysis was provided which compared Sachem to other large school districts. It was noted that Brentwood School District is at 18%.

There was extensive conversation on the need to publicize the good business operations and outstanding fiscal controls which exist within Sachem School District. The Audit Committee would like to address the Board of Education and meet with Zimmerman/Edelson. It was agreed that the wonderful financial condition of Sachem School District needs more public exposure.

Ernie Smith spoke of the 2007/08 completed Internal Audit Services – Internal Risk, LIPA, ECAF audit, key controls, health insurance, retirement payout, internal control review, salary notice, New York State Comptroller Report and Corrective Action, unclaimed property, in-process audit services, payroll cycle report, attendance internal control, administrator contract audit, ECAF club advisor procedures, fixed assets.

The annual Risk Assessment update shall commence in May 2008.

The meeting concluded at 9:45 pm.

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