

## MEMORANDUM

**TO:** James J. Nolan  
Superintendent of Schools

**FROM:** Bruce H. Singer  
Associate Superintendent

**DATE:** November 5, 2014

**RE:** **AUDIT ADVISORY COMMITTEE MEETING MINUTES  
OCTOBER 28, 2014**

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The Audit Advisory Committee meeting began at 7:30 p.m. on Tuesday, October 28, 2014. Present at the meeting were: Don Hoffmann and Rich Coffey, internal auditors from Cullen & Danowski, committee members Dana Demeo, Dorothy Roberts, Jeff Surrusco and myself.

Don Hoffmann presented the attached Risk Assessment Report to the Audit Committee. Don reviewed the internal control risks and the adequacy of internal controls. We reviewed the Risk Assessment Table. The only area of high risk was Fund Balance Management due to the current low level fund balance.

The findings and recommendations discussed are as follows:

1. Board Agendas  
The auditors recommended that the District Clerk utilize Minute Traq to facilitate the management of the Board Agendas.  
Response: It was recently brought to Cullen & Danowski's attention that the District Clerk uses the Minute Traq program for the Board of Education minutes. Subsequently, this item was removed from the final Risk Assessment Report.
2. Employee Contracts  
It was recommended that all administrators have fully executed contracts prior to the expiration of their current contracts.  
Response: This issue has been resolved. The Board of Education approved all non-aligned employee contracts.
3. Fund Balance Management  
Cullen & Danowski indicated there was tremendous improvement from the prior fiscal year and is the result of substantial reduction in staff. It was discussed to develop a multi-year plan which we are currently working on.  
Response: We will submit the multi-year plan as part of the 2015-2016 budget presentation.
4. Child Care Accounts Receivable  
It was recommended that the Child Care Office provide an aging report and establish a threshold related to outstanding balances.  
Response: Data Business Systems will be developing an aging report which will allow us to easily review the outstanding balances. We have implemented a threshold of \$25.00.

The goal is to have zero outstanding receivables in the future and we will right off any uncollectable balances at the end of each school year.

5. Clarification of Certain Contractual Terms

It was indicated that employees had to pay the excess of the 5% increase in health insurance.

Response: During the past two years this was addressed. The final payroll deductions related to this matter were processed on June 30, 2014. This matter is now closed.

6. Facilities Maintenance and Operations

It was recommended that Facilities use the Inventory Direct module of School Dude and Preventive Maintenance Direct.

Response: Facilities is utilizing the Inventory Direct module of SchoolDude and plans to have the Preventive Maintenance Direct in place before January 2015.

There was extensive conversation regarding Fund Balance and the 2015-2016 budget development and it was agreed we need to keep the Board of Education informed of the immediate fiscal stress due to the lack of appropriate level of fund balance.

The meeting concluded at 11:00 p.m.

In the event you have any questions or concerns, please do not hesitate to contact me.

BHS:cmc

Attachment

Cc: Audit Advisory Committee