

EIUFSD Audit Committee Meeting

Minutes of June 21, 2011

Attendees:

Glenn Reed, Chair and Board of Education Vice President
Jennifer Bocamazo, Member
Carol Coffin, Member
David Goldfader, Member
Kim Phillips, Member and Board of Education Trustee
Carl Fraser, Assistant Superintendent for Business, EIUFSD
Alan Yu, Partner, Cullen & Danowski. LLP
Lauren Agunzo, Partner, Nawrocki Smith, LLP
Jessica Sylvester, Senior Associate, Nawrocki Smith, LLP

Meeting convened at 7:10 pm

The purpose of this meeting was to discuss (i) the planned External Audit of the District's Year-End Financials and Extraclassroom Activities Fund as well as (ii) the Internal Audit Reports on the Internal Controls of Purchasing and Related Expenditures and Internal Controls of the Transportation Cycle.

Discussion ensued about the Year End Financial Statement Audit:

1. Alan Yu began the meeting by informing the Committee that the same engagement team would be involved in this year's year-end audit, however, some new on-site members would be added.
2. Mr. Yu also said that the new interim superintendent would sign-off on the Audit Response Letter.
3. With respect to the closing of the 2010-11 books; according to Mr. Yu, D'Arcangelo and Company (external accounting firm) will help the District with the Financial Statements as they have in the past. He expects that all will go smoothly. Mr. Yu and Carl Fraser will collaborate with D'Arcangelo in order to send the final audited financials and required reporting to the state this year.
4. Mr. Yu went over the areas that the Audit will emphasize, as well as the secure way in which the data will be extracted from the District's computer system and a time table of events (see Attachment "A", pp. 7-9).
5. Mr. Yu then discussed the new accounting standard, GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (Attachment "A", pp. 10-11). The new classifications for fund balance are:
 - a. Nonspendable
 - b. Restricted
 - c. Committed
 - d. Assigned
 - e. Unassigned
6. Additionally, encumbrances will be revised in their presentation in accordance with updated guidance. A sample policy, with respect to encumbrances, has been written by Cullen & Danowski and is currently being reviewed by attorneys.
7. Discussion ensued regarding cash receipts and how they are handled for the Extraclassroom Activities Fund. Mr. Yu's firm will evaluate current policies to ensure ongoing compliance.

Discussion continued with the Internal Auditors:

1. Lauren Agunzo began by reviewing the areas of testing that have been conducted by her firm, or will be conducted (see Attachment "D").
2. Mrs. Agunzo discussed the Purchasing Report with the Committee (see Attachment "B"). Mrs. Agunzo noted several observations, but specifically pointed out Observation #3, Emergency Repairs (Attachment "B", p 5). Her firm recommended that the Purchasing Agent continue to review all purchases labeled "emergency repairs" to ensure that the work performed is actually an emergency.
3. Next, Mrs. Agunzo discussed the Transportation Cycle Report (see Attachment "C"). She noted that one transportation vendor, Baumann, was not in compliance with the District's Alcohol and Controlled Substances Policy (Attachment "C", p 3). She recommended that the District follow-up on this matter.
4. Mrs. Agunzo showed the Committee a chart of Comparison Transportation Budgets with other districts (Attachment "C", p 8). A recommendation was made to review all routes and expenses in order to see if there were any potential areas for reduction.
5. Mrs. Agunzo asked that the Committee carefully re-read the two reports for any additional questions.
6. Finally, Mrs. Agunzo was asked about the possibility of her firm lowering their fee for the current year. She was amenable to the suggestion. The Committee will ask the Board of Education to make such an inquiry.

Other Business:

1. A motion to approve the minutes from January 10, 2011 was made by Carol Coffin, seconded by Jen Bocamazo. The minutes were approved by unanimous decision.
2. The next Audit Committee meeting is TBD. Glenn will make arrangements and inform the Committee.
3. A motion to adjourn was made by Carol Coffin, seconded by David Goldfader. The motion was approved by unanimous decision.

The meeting adjourned at 9:47pm; four attachments