

Rochester Board of Education Audit  
Committee Meeting  
May 1, 2018

**Attendance:** President White, Commissioner LeBron (Chair), Commissioners Funchess, Hallmark, and Sheppard. Superintendent Deane-Williams, Fatimat Reid, Chief of Staff, Harry Kennedy, Chief HR, Everton Sewell, Chief Financial Officer, Elizabeth Cammilleri, Supervisor of Payrolls, and Timothy Schmandt, Director Procurement. Board Staff: Ms. Henry-Wheeler, Auditor General and Mr. Brown from Office of Auditor General.

Commissioner LeBron convened the meeting at 5:08 PM.

- I. Approve Minutes from the March 6, 2018 Meeting:** Motion to approve by Commissioner Hallmark and Seconded by Commissioner White. Approved by all present.
- II. Audit Plan Presentation by Freed Maxick CPAs:** Kathryn Barrett presented the External Audit Plan for fiscal period ending June 30, 2018. The presentation discussed the reporting timetable, objectives, and presented an overview of the various developments affecting RCSD financial reporting. Recent information was received, noting that school districts are not authorized to participate in “crowd funding” or Go Fund Me Activities. Commissioners inquired about how “crowd funding”, is interpreted, and stated the need for a policy and guidance document. Commissioner LeBron asked for a vote to accept the 2018 External Audit Plan and it was accepted by all present.
- III. Status of the Office of the State Comptroller Recommendations:** The Auditor General provided a summary of OSC recommendations and responsible parties for each recommendation. Administration started to review the 15 recommendations individually to provide the current status.

Recommendation 1: Develop written procedures and designate responsibilities.

Status: Ms. Cammilleri summarized the risks associated with manual transactions. She communicated that eleven of thirteen procedures are completed. Incomplete procedures that are in process include Emergency Teacher Substitutes (ETS) and Additional Payments. She anticipated that procedures would be complete by year end.

Recommendation 2: Monitor payments for accuracy, support, and compliance.

Status: Mr. Kennedy communicated the work that is being performed in HR to improve monitoring and accuracy for payroll data entry. He noted that there were new practices, such as Emergency Teacher Substitutes, that had to be addressed in addition to the items noted by the Comptroller. Commissioner LeBron inquired who is reviewing documentation and who is responsible for accuracy. Mr. Kennedy responded that significant work is performed by his team, there is also school responsibility. Commissioner LeBron inquired about consequences when ETS work is incomplete. The Superintendent communicated ETS is not a standard practice at other districts, but now union engagement is needed to change the practice. She stated that we will correct the process but not promote it. Commissioner LeBron spoke about paying people on top of current salaries and that this should be looked at in the next contract year. Ms. Cammilleri stated that people are not always open to change based on historical practices. Commissioner LeBron requested names of the people resistant to change and written confirmation that tasks are complete by the end of June.

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Recommendation 3: Ensure Salaries are accurately established, authorized and documented.

Status: Ms. Cammilleri described the creation of a Payroll log for communication of concerns and collaboration between HR and Payroll to identify improvements. Mr. Kennedy stated his team now uses a file maintenance report to check for accuracy. Mr. Kennedy added that automation will eliminate errors and create process efficiencies. The Superintendent added that that sub and primary goals are necessary with a plan so that people have a timeline and know when improvements are due. Ms. Reid spoke about rollup communications and that staff are supposed to submit communication for missed deadlines. Commissioner Sheppard inquired why things are not done and what the reasons are for the delay. Commissioner Funchess inquired how the Comptroller will be informed when we are done with recommendations. Ms. Henry-Wheeler stated that corrective action plans are expected to be completed by June 30 and she updates the status on the state website. Commissioner Hallmark inquired about the scope of work activities and how they are set. Mr. Sewell described the scope is set during meetings with his team. He stated that progress is being made on 57 procedures where 27 procedures have been revisited and are completed while 30 more in Payroll are a work in progress.

Recommendation 4: Recover overpayments and reimburse underpayments.

Status: There was no discussion on this recommendation yet.

Recommendation 5: Revise the P-Card policy and require strict adherence.

Status: Mr. Schmandt explained that enhancements were made to the policy and training meetings were conducted including facilities where most of the issues were noted.

Recommendation 6: Require receipt scanning for P-Cards.

Status: Mr. Schmandt stated scanning has been implemented with M&T and that OAG created a quick reference guide to help users comply. Secretaries and Librarians were also retrained. Commissioner Lebron stated that according to Claims Audit, there are receipts from January that are still required. She asked why we still have compliance issues if training has been performed and why have cards not been shut off? The Superintendent spoke about a performance management model and a 3 step process to support compliance. Commissioner Funchess again asked why people are still not in compliance and why are they able to still have cards. Mr. Schmandt was unable to provide a satisfactory answer. Commissioner Funchess stated shut off the cards, since we are in May asking for stuff back in January.

We were unable to complete the meeting due to time restrictions. Therefore, updates were not received for all items and a second meeting was requested by Commissioner Lebron.

IV. The meeting was adjourned at 6:50 PM as moved by President White and approved by all present.