

New York State School Boards
Association Annual Conference

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MANAGEMENT AUDIT CONSULTANTS, INC.

Audit Committee 101

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MANAGEMENT AUDIT CONSULTANTS, INC.

Board Responsibilities

- Develop policy
- Recruit and evaluate administrative team
- Communicate with stakeholders
- Provide oversight of district operations
- Determine risks and risk tolerance

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Audit Committee Concept

- New York Stock Exchange, 1939
- AICPA Executive Committee 1967
- NYSE Independent Audit Committee 1977
- Foreign Corrupt Practices Act 1977
- COSO 1985

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Sarbanes Oxley

- Sarbanes Oxley Act, 2002
- Oversee financial report
- Assess risk
- Secure expertise
- Oversee compliance
- Evaluate internal controls

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Audit Committee Charter

- Purpose
- Authority
- Composition
- Meetings
- Responsibilities

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Job Description

- Noses in - Fingers out
- Review financials
- Understand operations
- Ensure compliance
- Establish ethical standards

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Job Requirements

- Knowledgeable
- Good Judgment
- Independent
- Available
- Committed

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Audit Committee Responsibilities

- Oversee of auditor selection
- Oversee audit process
- Review risk assessment
- Monitor corrective plans
- Report to Board

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Audit Committee Functions

- Evaluate accounting issues
- Evaluate auditors
- Interpret audit reports
- Provide recommendations regarding reports

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Financials

- Investment decisions
- Interim budget versus actual reports
- Cash flow and projections
- Debt rates and maturities

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Financials

(continued)

- Transfers
- Journal entries
- Performance

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Portfolio Considerations

- Investment policies
- Diversification
- Credit ratings
- Securities custody

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Portfolio Considerations
(continued)

- Collateral requirements
- Collateral valuation
- Pooled investments
- Legal investments

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Internal Controls

- Control process
- Inventory and testing
- Separation of duties
- Conflict of interest

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Internal Controls

(continued)

- Disaster recovery
- Cash transactions
- Payment systems
- Hot Line

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Verification

- Bank reconciliation
- Claims
- Payroll
- Salary changes

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Verification

(continued)

- Signature security & check stock
- Dual signatures
- Vendor approval

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Budget Review

- Payment timing
- Fund balance
- Travel, meals & conferences

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Budget Review (continued)

- Receivables
- Contingency plans
- Reserves

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Monitor Projects

- Construction expenses
- Change orders
- Insurance
- Student safety

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Program Monitoring

- Teacher licenses
- Driver certifications
- Mechanical licenses
- Residency

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Procurement

- Code of ethics
- Conflict of interest
- Deliveries
- Cumulative purchases

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Procurement

(continued)

- Cooperative agreements
- Bidding
- Right to audit

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Information Technology

- Information security
- Offsite backup
- Hot site
- Software licenses

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Information Technology
(continued)

- Access
- Payroll access
- Financial accounts
- Hardware disposal

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Food Services

- Cost allocation
- Separate Receipts
- Discounts, Rebates & Kickbacks
- Right to audit

Transportation

- Cost allocation
- Repairs
- Right to audit

Human Resources

- Background
- Files & attendance
- Bonding
- Equipment

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Human Resources

(Continued)

- Ghost employees
- Exit payments
- Fingerprinting
- Retiree benefits

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Audit Committee Evaluation

- Institute of Internal Auditors
 - American Institute of Certified Public Accountants - AICPA
- Audit Committee Not-for-Profit toolkit

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Resources

- New York State School Board Association
www.nyssba.org
- American School Board Journal, MONEY Column
www.asbj.com
- New York State Comptroller, www.osc.state.ny.us/
- Institute of Internal Auditors, www.theiia.org
- Association of Certified Fraud Examiners,
www.acfe.org
- America Institute of Certified Public Accountants,
www.aicpa.org
- Management Audit Consultants, Inc.,
www.mgmtaudit.com

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