

North Shore Schools
Audit Committee Meeting
December 15, 2022
7:25 P.M.
Glenwood Landing Auditorium

Present: Trustees David Ludmar, Andrea Macari, Lisa Cashman, Lisa Colacioppo, Richard Galati, , Maria Mosca, and Marianne M. Russo.
Committee Members, Mr. Andrew Spieler and Mr. Roger Friedman.
Superintendent Christopher Zublionis and Assistant Superintendents Carol Smyth and James Pappas.
Claims Auditor Denise Longobardi, and Internal Auditors Dimitris Bantileskas and Darin Iacobelli of Nawrocki Smith.

Ms. Longobardi explained that she reviews all of the claims, purchase orders and warrants for the District. She comes to the District 2-3 times a month to do this review. Ms. Longobardi further reported that this year there were transitions in the department due to retirements and the transitions from the old to new personnel were very smooth. Ms. Longobardi reviewed two reports with the Board. One was a summation of the 2021-2022 school year which indicated that for the entire year there were only 15 exceptions on 5,177 checks processed (most checks having 5-10 invoices per check) equaling a .3% exception rate; she reported this is a very low exception rate. The second report was a summation so far (5 months) for the 2022-23 school year. She reported that this is going along the same exception rate as last year, the percentage rate is a little higher, but she explained that is because of the transition from one year to another. She reported that the process is good, controls are still in place even with new people in positions, everything is going smoothly and she thanked Mr. Pappas.

Mr. Friedman asked what the actual dollar amount was for the exceptions in November and what the nature of those exceptions were. Ms. Longobardi explained that in November there were 2 exceptions totaling \$365 on a warrant where 546 checks were processed and that totaled over \$5 million. She explained that some exceptions are for confirming orders, meaning a purchase order is put in place after the expense is incurred.

Ms. Longobardi explained that she always encourages staff to contact her with questions to work out the details. She reported that the staff is proactive to ensure the packet is correct when presented.

Darin Iacobelli and Dimitris Bantileskas of Nawrocki Smith, the District's internal auditors, explained that each year they present a Risk Assessment report and an area for focus within the risk assessment. This year that focus was on Human Resources. They prepared a draft report for the Audit Committee which included an audit objective, scope, process benchmarks and key observations and recommendations. The Board expressed appreciation for the work done and discussed the recommendations. Trustee Russo expressed concern over the recommendation to automate the process for evaluations and leave requests. She noted the leave requests, in particular, may contain HIPPA information which could leave the district open to violations. Regarding evaluations, she noted those are sometimes substantive and she has concerns about that information being stored electronically with cyber security threats. She finds those recommendations a bit disconcerting unless they are modified. Other Trustees agreed with Trustee Russo's concerns and wondered what the cost benefits would be if they moved in this direction. Mr. Bantileskas agreed these are valid concerns. He explained that other districts use automated systems for vacation and personal leave requests which are uploaded to their personnel software, they

would need to do a cost analysis to see what the cost benefit is, they would also need to see if there is a way of encrypting the information.

Committee Member Andrew Spieler asked how student information is kept secure as that is already accessible electronically through parent portals. Dr. Zublionis explained that information is stored through Infinite Campus and overall the data security is protected through Education Law 2D. Mr. Spieler also asked if special education consultants (contractual workers) are evaluated for oversight. Mr. Bantileskas explained that these are not employees, they are vendors. They would look at these if and when they do a focus on special education. Trustee Russo added that many of those contracts have a reporting requirement which are taken by the administration. She also noted that with 1099 consultants there needs to be care taken on how we evaluate so they do not become an employee of the district.

Committee Member Roger Friedman asked for clarification regarding the comment on there not being adequate documentation to support the calculation of an employee's accrual leave at retirement. Mr. Friedman also asked if this audit would be done annually. He remarked that there is a recommendation for an HR Director to help keep cost down and asked where that would save costs. He noted that the community has been vocal about keeping administrative costs down. Mr. Bantileskas explained there was correspondence approving the retirement calculation, however the calculation was not made through the financial software. Dr. Zublionis agreed, this is how it is being done currently, on a paper-based system, and we are looking to update the system. Regarding the cost of an HR Director, Mr. Bantileskas explained that they have found in other districts that centralizing HR improves succession plans and compliance which have saved in legal expenses.

President Ludmar noted the report should be amended to include the roles of the Board, including that they set policies, as well as hire and evaluate the superintendent. He also noted that there is no recommendation for recruitment and wondered if they found our staff diverse and our efforts adequate regarding recruiting a diverse pool, and how we bring people into the organization. Mr. Bantileskas responded that the scope of their engagement was more procedural and did not include assessing those areas.

Trustee Macari asked for clarification regarding the employee related disclosure forms, whether that should be continued during employment, and include vendors as well as other employees. Mr. Bantileskas felt that should be completed annually and suggested the District develop and maintain a database.

The meeting was adjourned at 8:17 p.m.

By: Elizabeth Ciampi
District Clerk