

North Shore Schools
Audit Committee Meeting
December 12, 2024
7:16 P.M.
Middle School Cafeteria

Present: Trustees Andrea Macari, Lisa Colacioppo, Lisa Cashman, David Ludmar, Maria Mosca, and James Svendsen
Committee Members: Mr. Roger Friedman, Mr. Andrew Spieler arrived at 7:25 p.m.
Superintendent Christopher Zublionis and Assistant Superintendents Carol Smyth and James Pappas.
Claims Auditor Denise Longobardi, and Internal Auditor Dimitris Bantileskas of Nawrocki Smith.

Dimitris Bantileskas of Nawrocki Smith, the District's internal auditors, explained that each year they present a Risk Assessment report and report on an audit function for an area of focus within the risk assessment. This year that focus was on Internal controls pertaining to Purchasing & Related Expenditures. The process included sampling areas in purchasing and general organizational structure, vendor and purchase order procedures and accounting reporting procedures. There were no observations, exceptions or recommendations in the areas of general organizational structure, vendor solicitation process (procedures for bids, RFP and quotes), purchase order process, use of permissions, or the accounts payable process. There was one recommendation in the area of vendor maintenance. It was noted that there were some duplicate vendors and some vendors without tax ID numbers. These recommendations are already in the process of being corrected. One other recommendation was in the area of travel and expenditure by employees. It was recommended that the packet be complete with all supervisory signatures. Mr. Bantileskas did note that there were no duplicate payments made due to the duplication of vendors in the system. Due to the recommendation on the vendor maintenance, the rating of moderate was assigned to this area, and their audit opinion was rated as needs improvement. Mr. Bantileskas also noted that as these recommendations are already being addressed, the risk area will be lowered once that is completed. Nawrocki Smith will be back in February to review the risk assessment report.

The audit committee members discussed the internal audit report. Members questioned the audit opinion rating of 'needs improvement' considering that all areas tested had no objections, no exceptions and no recommendations. In addition, although duplicate vendors were found in the system, there was no incidence of a duplicate or incorrect payment. Mr. Bantileskas confirmed that there are typically thousands of purchase orders issued every year, and all transactions were done correctly. He also explained there are only three audit opinions they can give; satisfactory, needs improvement and unsatisfactory. He did not recommend any policy or procedure changes. It was noted by the committee that out of 9,500 vendors only 15 are duplicate vendors.

Ms. Longobardi explained that she reviews all of the claims (voucher packets), purchase orders and warrants for the District. She comes to the District 2-3 times a month to perform this review. Ms. Longobardi reviewed two reports with the Board. One was a summation of the 2023-2024 school year which indicated that for the entire year there were only 11 exceptions on 6,250 checks processed with most checks having multiple invoices per check. The check error exception rate was 0.20% of 1% which, Ms. Longobardi reported, is an extraordinarily low exception rate and almost unheard of. The second report was a summation for the 2024-25 school year so far. She reported that there have been only 2

exceptions of 2,266 checks processed and the trend is going along the same as last year. Ms. Longobardi commended Mr. Pappas and his staff for all their hard work to ensure they stay in compliance with the general municipal law and all purchasing procedures and policies within the North Shore Schools. She remarked that the low exception numbers that the District continues to have are very impressive and something the District should be very proud of. She noted that she does not see this in most districts she audits. Mr. Pappas commended his staff for the low exception rate.

Mr. Friedman asked what a typical exception is. Ms. Longobardi explained a confirming purchase order, one where the invoice is issued before the date of the purchase order, would be an exception. She went on to explain this happens infrequently and is usually when there is an emergency need. She said North Shore has very high standards and the staff works hard to ensure there are little to no exceptions.

At 8:00 p.m. the meeting was adjourned.

By: Elizabeth Ciampi
District Clerk