

**BOARD OF EDUCATION  
LEVITTOWN UNION FREE SCHOOL DISTRICT  
LEVITTOWN, NY**

**DATE: JUNE 7, 2023**

**AUDIT COMMITTEE MEETING**

**MINUTES**

**THE AUDIT MEETING OF THE BOARD OF EDUCATION**, was duly called and held on Wednesday, June 7, 2023 in the Board Meeting Room of the Levittown Memorial Education Center.

**CERTIFICATION:**

The District Clerk certified that pursuant to Section 104, Open Meetings Law, notice of meeting was sent to the local newspapers, the Public Library and posted on the district's website. Further, all members of the Board of Education had due notice of said meeting.

**I. CALL TO ORDER**

Board of Education:

Ms. Jennifer Messina, President  
Ms. Peggy Marenghi, 1st Vice-President  
Ms. Christina Lang, 2nd Vice-President  
Ms. Marianne Adrian, Trustee  
Mr. Dillon Cain, Trustee  
Mr. James Moran, Trustee (Excused Absence)  
Mr. Michael Pappas, Trustee

Central Administration:

Mr. Todd Winch, Superintendent of Schools  
Mr. Michael Fabiano, Assistant Superintendent of Business and Finance  
Ms. Debbie Rifkin, Assistant Superintendent of Human Resources  
Dr. Beth Ziogiannis, Assistant Superintendent of Curriculum and Instruction

Others:

Mr. Robert Cohen, Counsel  
Ms. Suzanne Mallozzi, District Clerk

Ms. Messina opened the Audit Committee meeting at 6:30.

<b>RESULT:</b>	<b>MOTION CARRIED [6-0]</b>
<b>MOVER:</b>	Michael Pappas, Trustee
<b>SECONDER:</b>	Marianne Adrian, Trustee
<b>AYES:</b>	Lang, Pappas, Messina, Marenghi, Adrian, Cain
<b>ABSENT:</b>	Moran

**I. 6:30 P.M. - Anticipated Motion to move to Executive Session.**

Recommended Motion: "BE IT RESOLVED, that the Levittown Board of Education does, hereby, move to Executive Session for the purpose of seeking legal advice from the Board's Attorney."

<b>RESULT:</b>	<b>MOTION CARRIED [6-0]</b>
<b>MOVER:</b>	Peggy Marenghi, 1 <sup>st</sup> Vice-President
<b>SECONDER:</b>	Dillon Cain, Trustee
<b>AYES:</b>	Lang, Pappas, Messina, Marenghi, Adrian, Cain
<b>ABSENT:</b>	Moran

Mr. Moran is excused from tonight's meeting.

II. AUDIT COMMITTEE MEETING

## II. 7:30 P.M. Reconvene Public Session

<b>RESULT:</b>	<b>MOTION CARRIED [6-0]</b>
<b>MOVER:</b>	Dillon Cain, Trustee
<b>SECONDER:</b>	
<b>AYES:</b>	Lang, Pappas, Messina, Marengi, Adrian, Cain
<b>ABSENT:</b>	Moran

Pledge of Allegiance/Moment of Silence – Ms. Messina asked the student liaisons to lead us in the Pledge of Allegiance and to observe a moment of silence to remember all those serving our Country at home and overseas.

## III. Report by Cullen &amp; Danowski, LLP –

Mr. Fabiano introduced Don Hoffman from the audit firm Cullen & Danowski, LLP. The beginning of Mr. Hoffman's report was not recorded due to a technical glitch. Mr. Hoffman did report that the District has, for a number of years, engaged a 3<sup>rd</sup> party called C-Biz who do inventory type of work for a lot of school districts on LI. Our testing was mostly related to the C-Biz inventory and the relative accuracy and completeness of that. But, for the IT side, we spent a particular amount of time ensuring that the IT inventory that the staff works with was accurate. To explain, the asset value for your financial statements is almost insignificant, probably the least significant number on your entire financial statements. The reporting where you account for Capital assets is purchases in the general fund as expenditures or Capital projects in the capital projects fund. That accounting needs to be accurate and we found that it has been historically and you've got clean audit reports related to that. So the disconnect that we have found in our testing is in the C-Biz inventory, which had lots of errors in it. This is the inventory that values your inventory for financial statement purposes. Fortunately, it's not the inventory that you're using day to day to run the operations. i.e. 1:1 devices that are used by IT department which has a separate inventory for these. The disconnect with the C-Biz inventory is that either they have not been getting certain information or they haven't been recording it accurately and the departments within the District have not had the opportunity to review the C-Biz inventory to compare it to their records. We've been working with Mr. Fabiano hand in hand to figure out what the next steps are. Our recommendations are 1) Come up with a written plan, documentation, as to who's to do what, including how information should flow to C-Biz. 2) Recommend that the Board of Education develop policies in a couple of areas related to the accounting of capital assets. Primarily the asset values that you're going to capitalize for financial statement purposes, and also guidance as to what's supposed to be tracked by the different departments, i.e. do you want someone to track the 1:1 devices (IPADs) that the District has. That should be delineated in a policy. 3) Work now to spend particular time to understanding what exactly C-Biz does, how they do it, work to correct their inventory as it exists, there are several errors in it. For example, they haven't reported disposals in a number of years. They haven't recorded any music additions. As that's done for this year, work on the procedures to get them accurate information for this fiscal year. The more important part is the departmental inventories should be accurate and maintained well and there is some work to be done there.

Q - Mr. Pappas – The chrome books or IPAD's because they didn't meet the threshold, we cumulatively put them together to record them but they shouldn't have been recorded?

A – Mr. Hoffman – No, actually, it's better that they are recorded. There was an error where some significant purchases were actually recorded twice by C-Biz, but there is nothing in your policy or definition of what is capitalized, that says significant purchases of items below the threshold, purchased as a group, should be capitalized. C-Biz is doing that but they're also capitalizing trivial stuff, i.e. \$500 worth of furniture. I recommend that for financial statement purposes, these significant, 1:1 device purchases should be capitalized and depreciated.

Q – Mr. Pappas – But, as a whole, as a group.

A – Mr. Hoffman – Yes, as a group

Q – Mr. Pappas – When was the last time we did an audit on capital assets?

A – Mr. Hoffman – It hasn't been done, as a internal audit, in at least 10 years.

Q – Mr. Pappas – You've never done it, right? I don't remember doing it either.

A – Mr. Hoffman – No.

Q – Mr. Pappas – How often should that be done?

A – Mr. Hoffman – C-Biz does some physical inventory each year. One of the recommendations is to find out exactly what they're doing, how they're doing it. Part of that work should be inventory work. So, that's an open item. We weren't able to get information as to what exactly C-Biz is doing for the District.

Q – Mr. Pappas – They don't have a list or anything?

A – Mr. Hoffman – Oh they have a list but the list is inaccurate.

Q – Mr. Pappas – I notice you have stuff in here from 1960 to 2022 and the threshold was \$2,000 back in 1960 as well?

A – Mr. Hoffman – I don't know that. But there are old items on the inventory that should be removed.

Q – Mr. Pappas - If the threshold was \$2,000 in 1960, that's probably the equivalent of buying new cars today.

A – Mr. Hoffman – I think at some point, the threshold was lower. Most school districts at this point are using a threshold of \$5,000 and that's because federal guidelines for federal accounting for grant use requires equipment with a value over \$5,000 to go in a capitalized category. And you can, if the capitalization amount is \$5,000 you can still track individual items and you can have a policy of capitalizing significant purchases that the individual items are below that amount but the purchase is significant, like the 1:1 devices.

Q – Mr. Cohen, Counsel – Do you think we should review their contract? It's a bit concerning that they didn't fully cooperate with you, that they made some mistakes. I'd be glad to, from a legal standpoint, review their contract.

A – Mr. Hoffman – It's my understanding that the Business Office is now starting to make inquiries as to what they're doing.

Q – Ms. Lang – So if this company is making all these errors, are they the only company that does this?

A – Mr. Hoffman – They are in most of the school districts that we are involved in. Need to get down to finding out specifics. Were they provided with the documentation? Did somebody review it? Entering an item twice is inexcusable. Did someone give them the obsolete inventory records that the Board had approved so they could adjust their records? Not really sure. One of the recommendations is comparing the C-Biz inventory to the departmental record. IT Department, transportation department both have good records so there are ways to reconcile these numbers.

Q – Ms. Lang – So do we have an action plan?

A – Mr. Fabiano – Yes, absolutely. During this process, we've already been discussing the action that we need to take. C-Biz is also utilized by NYSIR, our insurance company, and as part of our premium, we are entitled to a full blown inventory every 5 years, paid for by NYSIR. Levittown has engaged C-Biz every year, possibly because the inventory is so large. We've set up a meeting with C-Biz, to happen soon, to discuss what it is that we need, more communication between us. We should review their records, including entering information twice and be able to pick that up. When items have been excessed by the Board, we need to communicate that to C-Biz. A positive thing has been the IT department's record keeping has been phenomenal. This is a good time for us to get started on this as we'll be doing a lot of capital projects in the next few years.

Q – Mr. Pappas – so we need to codify our guidelines, telling these people exactly what we want them to do so that we know they are doing it. So, as I understand, assets over \$250 will have a tag on them? Or whatever the threshold is? So if there's a tag with a barcode, how can you scan that twice?

A – Mr. Hoffman – The scanning is used for the departmental inventory for the IT guys to know what they have. It's not necessarily used by C-Biz because C-Biz may not be recording it that way.

Q – Mr. Pappas – we should all be on the same page. How are we going to correct the situation?

A – Mr. Fabiano – we're going to put together a policy manual / procedures manual for the business office and we've already set up a meeting with C-Biz to discuss better flow of information between the two of us and we will move forward from there.

Q – Mr. Pappas – after looking at C-Biz's website and their services listed, what exactly do they do for us?

A – Mr. Fabiano – They are engaged to take stock of our physical inventory as well as review the financial records for things that we are not necessarily asset tagging. A large majority of that are building improvements. One of the areas that we really need to look at is, while a project is underway, the District will be expending funds. There's a category that we put that in from expenditures called "Construction in Progress". Generally, a company like C-Biz is not going to view "Construction in Progress", they only get that information when the project is closed out. So we will be sitting down with them, making sure that there are no future disconnects between things like double entry on a group of computers or IPADS, that they have up-to-date disposal lists from us, making sure they're not carrying inventory on their list that we don't have, and how we account for these projects before they're closed. It's somewhat complicated but not so much so that we won't be able to straighten it out.

Q – Mr. Pappas – I'm glad to hear that. Don, you've been our internal auditor for many years, and have done a fantastic job. The reason I asked you when was the last time, because I always like to look, holding it up to the light, 2 sheets of paper, and seeing the changes and I know

you'll help us get this straightened out. I know you're not here to punish anybody, you're just here to find something that needs correcting and we do it. So, thank you very much for that.

A – Mr. Hoffman – Thank you for that.

Mr. Hoffman continued - the next steps for the District is to put together a Corrective Action Plan within 90 days. That Corrective Action Plan gets filed with SED through their portal system. Our next engagement with the District will be the Annual Risk Assessment, which we perform over the Summer. I expect that report will be in the Fall, as always, and at that point, we'd determine the area for detailed testing next year.

Mr. Hoffman noted that at the Fall meeting, he informed the Board and Central Office of his intention to retire, by the end of 2023. He will be involved in the risk assessment this Summer.

Mr. Winch thanked Mr. Hoffman for his many years of service to the District. The Board of Education concurred. Mr. Winch also thanked Mr. Fabiano and the entire Business Office for all the work they did with the Auditors and for the future work you will do to bring this to a conclusion.

Ms. Messina noted that, in regards to what Mr. Hoffman reported, the school board has created a sub committee for policies so we'll take his suggestions and we will create a policy to match what his suggestions are.

### III. ADJOURN:

Ms. Messina adjourned the Audit Committee meeting at 7:58pm

<b>RESULT:</b>	<b>MOTION CARRIED [6-0]</b>
<b>MOVER:</b>	Dillon Cain, Trustee
<b>SECONDER:</b>	Michael Pappas, Trustee
<b>AYES:</b>	Lang, Pappas, Messina, Marengi, Adrian, Cain
<b>ABSENT:</b>	Moran

Suzanne Mallozzi  
District Clerk