

## WLS AUDIT COMMITTEE MEETING MINUTES – MARCH 14, 2022

### In Attendance:

Cathy Draper District 9  
Wes Iwanski, District 7 (Chair)  
Maureen LeBlanc, District 8  
Edris Scherer, District 4  
Francis Okelo, District 14 (guest)  
Rob Caluori, WLS Chief Financial Officer  
Terry Kirchner, WLS Executive Director

The meeting started at 1:06pm and it was conducted via Zoom.

Rob Caluori provided some background information, such as WLS revenues and expenses allocation, and various metrics driving different processes. (The outline used for this discussion is attached.)

He also spoke about month-end close, like standard monthly entries, and expanded entries in December (department and program allocations for pension and payroll). Accruals and board reports (month to month, year to year - for accuracy of expense reporting).

December board report is created, containing year end entries.

Cathy mentioned that in the past WLS brought in actuaries to explain details to the board, but the information was for the most part overwhelming to the board members and not really worth the time.

Audit preparation - final entries (open grants, restricted assets, central library, etc)

Data is sent to the audit firm (GL detail, AP and AR schedules and aging, vendor activity report, details on legal, central library expenses, contracts, grant agreements, funding letters, fin statements, 1099s, w2s, check registers, by-laws, meeting minutes, process narratives, etc)

This is WLS experience of the audit process. Auditors should speak about their process, from their point of view, at the next committee meeting.

What auditors ask from WLS for the audit:

- testing selection backups are provided
- explanations on selections from schedules

They perform onsite field work with WLS staff:

- interviews
- additional testing selection backup provided
- inventory verification
- entries prepared as needed
- functional expenses report provided

Rob mentioned that a lot of information is provided to auditors ahead of their onsite visit, the audit process is much smoother and more efficient now than it used to be in the past years, partly due to document automation (like scanning and meta tagging check registers), and partly due to Rob's meticulous work habits and attention to detail.

Per Terry, we used these auditors for about 15 years, but we do field RFPs about every 5 years.

Things get finalized. The auditors prepare IRS 990 form, we provide them with information. They prepare draft for review, which then gets sent to audit committee, final draft is forwarded to the board for approval, and becomes official.

Audited financial statements are used for preparing annual update document / annual financial report for NYS office of the state comptroller. They are sent to Westchester County to get 5% payment, sent to TD bank, and provided with grant applications.

We are currently on track with the process, each year we apply and receive 90 day filing extension.

Terry pointed out that the purpose of the annual finance audit is to ensure that no fraud is being committed, that the financial numbers being reported are accurate.

Terry proposed that we should ask auditors in our discussions with them if we can improve the process.

Terry/Rob will reach out to the auditors to propose time for the next meeting, which will be in April.

The meeting concluded at 1:58pm.

*Minutes submitted by Wes Iwanski.*

WLS Year-End Close and Audit Preparation Procedures  
Presented to: WLS Audit Committee by Rob Caluori, WLS CFO  
March 14, 2022

## Agenda

- Background
- Standard Month-end close and Board report
- Year-end entries
- Audit process
- Q&A

## Background

- WLS allocates revenues and expenses into:
  - Fund
  - Source
  - Department
  - Program
- Each metric drives different processes, for example:
  - Sources drive reconciliation of grants and other restricted monies
  - Programs (i.e. Public Service, Admin) associate activity with purpose
  - Funds designate asset allocations
  - Used in combination to drill down in reporting

## Month-End Close

- Standard monthly entries for:
  - Depreciation
  - Rent allocations and liability reduction
  - Investment activity
  - Voluntary deductions, FSAs
  - Electronic transactions
  - Accruals – Significant for year-end processes
- Expanded entries in December
  - Department and program allocations for
    - Pension expenses
    - Payroll accrual

## Accruals and Board Report

- Important month-to-month, imperative year-to-year, impacts:
  - Accuracy of expense reporting
    - Want a complete picture of the year's activity
  - Year-end closing of grants and other restricted sources
- December Board report is created

- Driver: timeliness of report for Board package
- Driver: before year-end entries to provide consistent monthly reporting

#### Year-end entries – Just the highlights

- eRate – Reverse revenue to credit expense line
- Allocation of payroll to departments, programs and sources
  - E.D. and C.F.O. to Information Technology, E.D. to Training and Delivery
- Central Library eligible expenses are allocated to source
- Fixed Assets moved from Income Statement to Balance Sheet
  - FA and Depreciation scheduled updated; entries made to reconcile
- Outreach allocations to State and County sources
- Final LLSA (Local Library Service Aid) revenue, receivable and accrual
- OPEB (Other Post-Employment Benefits) report entry
- Vacation accrual
- Postage expense allocation
- Error checking / Reconciliation
  - Common errors
    - Department / Program inconsistencies
    - Nearby GLs and Sources
    - Inspect recurring entries for inconsistencies
  - Analysis
    - Trial Balance revenues to grant and funding letters
    - Temporarily Restricted Net Assets (TRNA) to trial balance
    - Year-over-year Trial Balance and Functional Expenses review

#### Audit Preparation / Final Entries

- Close Sources
  - Review any open grants / restricted assets
  - County sources
  - Central Library
  - Other NYS Sources
- Prepare Temporarily Restricted Net Assets (TRNA) schedule

#### Send data to audit firm

- GL Detail current and subsequent year, Trial Balance
- Accounts Payable / Receivable schedules and aging
- Prepaid, accrual and TRNA schedules
- Vendor activity report
- Details on legal, Central Library expenses
- Contracts in effect, grant agreements, funding letters
- Financial statements, 1099s, W-2s, OPEB report, check registers
- By-laws, meeting minutes, process narratives

#### Note about Audit Slides

- This is WLS's experience of the audit
- The Audit firm should speak to how they conduct their process
  - Will occur at the next meeting of the Committee

#### Preliminary Audit Work – WLS Staff

- Testing selection backups are provided
  - Backup is provided to audit team for anything selected
  - Includes both current and subsequent years
    - Cash disbursements and deposits
    - Accounts payable / Accruals
    - Repairs and maintenance
    - Journal entries
    - Prepaids
    - Anything else that meets testing threshold
- Explanations on selections from schedules

#### Onsite Field Work – WLS Staff

- Interviews
- Additional testing selection backup provided
- Inventory verification
- Entries prepared as needed
- Functional Expenses report provided

#### Finalization – WLS Staff

- Additional documentation provided as needed
- IRS 990 questionnaire
- Draft received by WLS for review
- Final draft sent to audit committee for review
- Presented to Board

#### Post-Audit Activities

- The audited financial statements are used for:
  - Preparing the Annual Update Document (AUD) / Annual Financial Report (AFR) for NYS Office of the State Comptroller (NYS OSC)
    - Sent with AUD for verification
  - Sent to Westchester County to release final 5% payment
  - Sent to TD Bank as requested
  - Provided with grant applications as requested
- IRS 990 and NYS CHAR500
  - Sent to the Board for final review prior to sending
- Q&A