

## Auditors from R.S. Abrams & Co. LLP always find ways to improve internal controls

In recent years school districts throughout New York have improved their accounting of the public's money, according to certified public accountant Marianne Van Duyne, audit partner at R.S. Abrams & Co. LLP in Suffolk County.

But internal controls – the systems and procedures used to ensure that assets are secure, policies are followed and accounting data is accurate – can always be improved, Van Duyne said.

School districts in New York State have been turning to R.S. Abrams & Co. to improve their accounting since 1934, when the firm was founded by Van Duyne's father, Robert S. Abrams. Van Duyne has 18 years experience as an auditor, including 15 years with R.S. Abrams & Co. She oversees the firm's audit practice, which employs 27 [25 accounting professionals and two support staff], and serves 65 school districts.

Most of the firm's clients are located on Long Island. Over the last three years, R.S. Abrams has tripled in size.

Several of the firms' newer external auditing contracts came from districts previously served by an accounting firm that was disbanded after criminal activity was uncovered in the Roslyn school district. Others are a result of new internal auditing requirements imposed as of January in the aftermath of the recent scandals.

"That was definitely an area of large growth," Van Duyne said.

Clients praise R.S. Abrams staff for having a thorough knowledge of accounting regulations and best practices for public schools.

"It's a pleasure working with their firm," said Herbert Brown, superintendent of the Oceanside school district. "They're very professional; they certainly know the law; they provide good advice; their management letters – which is their letter to the board of education – is usually straightforward and on target."

Brown, previously the district's assistant superin-



tendent for business, said Oceanside has contracted with R.S. Abrams for about two decades. Brown said the district frequently turns to R.S. Abrams for advice on how to meet updated regulations, such as a change in the district's accounting of outstanding obligations to the state Teachers' Retirement System.

Like many districts, Oceanside historically budgeted only sufficient money to cover current obligations to the retirement system on the cash basis of accounting. About five years ago, districts were required to account for retirement obligations on an accrual basis of accounting, which required districts to fund future obligations.

"If we had to do it in one year, it would've been a pretty big hit for the taxpayers," Brown said. "They [R.S. Abrams] met with us, had a frank conversation and put in place a phased approach to comply with the regulation that didn't adversely affect the taxpayers."

Brown said R.S. Abrams "gave good advice," and noted that the recommended approach didn't affect borrowing rates on tax anticipation notes. "They were clear and reasonable."

### STATEWIDE RECOGNITION

An official at another client, the Sachem school district in Suffolk County, said he has been impressed with Van Duyne. Assistant Superintendent for Business Bruce Singer said that in his 28 years experience of working with auditors, Van Duyne rises above her colleagues.

"We rely on Marianne's knowledge and experience, and she stands above others ... she has statewide recognition because of her knowledge of how to ensure that we have proper accounting policies and procedures for financial transactions," Singer said. The district has used R.S. Abrams for three years.

Van Duyne has served as chair of the Public School Accounting Committee of the New York State Society of Certified Public Accountants (NYSSCPA) and is active in training and presentations that are offered by trade groups across the state. She conducts about three to four trainings a year. For instance, this year she discussed the roles of external auditor versus the internal auditor in a training sponsored by the New York State Association of School Business Officials in conjunction with the State Education Department and NYSSCPA.

Singer said he particularly appreciated a booklet R.S. Abrams distributes to business officials annually. The 30-40 page booklet covers helpful information such as mileage reimbursement rates, IRS FICA information, and includes articles on topical issues.

"Nobody else does that. That's one thing that's unique to R.S. Abrams that puts them above others," Singer said.



Marianne Van Duyne is audit partner at R.S. Abrams & Co. The firm was founded by her father, Robert S. Abrams.

### EXTERNAL VS. INTERNAL AUDITING

R.S. Abrams provides external auditing for 40 districts and internal audits and internal claims auditing services for 25 districts.

External audits – required annually – "test the financial controls" a school has imposed, resulting in an opinion on whether the district's financial statements are stated properly, Van Duyne said.

An internal auditor makes sure the district follows its own policies and procedures – set by the board of education – and makes recommendations for improvement.

External audits require one report annually, with most of the audit work in the spring and summer, Van Duyne said. She said the internal audits are performed monthly, and auditors monitor controls and make recommendations throughout the year.

"We perform a risk assessment in the initial year in which we analyze the district's internal controls," Van Duyne said. "In the second year, we test specific controls related to specific areas such as payroll, fixed assets, cash receipts and cash disbursements."

Van Duyne said R.S. Abrams is committed to maintaining its close personal attention to clients in the face of company growth. That's why the firm declined to respond to requests for proposal involving preparation of financial statements. "You don't want to spread yourself thin and you don't want to hurt your current clients, she said. "We would rather stick with our current clientele and make sure we provide a quality product."

## Five financial areas worth checking

Asked how a typical district can improve its financial stewardship, Marianne Van Duyne of R.S. Abrams & Co. LLP points to five areas:

- **Fixed assets** such as audio visual and computer equipment should be carefully tracked as they travel from building to building around a district, to lessen the chance that someone may walk off with valuable equipment.
- **Computer passwords** should be changed every three to six months and restrictions should be imposed – such as "read only" status – on sensitive documents.
- **Extra classroom funds** that are used by student groups are often administered in individual school buildings and the cash that flows in and out may not be as carefully monitored as it should be.
- **Professional service contracts** should be on record in writing and approved by the board.
- **Payroll and personnel functions** should be segregated to improve controls over payroll – every district's largest expenditure.

In order to properly monitor a district's finances, school boards should receive and review financial reports such as fund balance projections, trial balances, revenue reports and appropriation status reports on a monthly basis.

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