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AUDIT COMMITTEE

May 17, 2010
Michigan High School Athletic Association
1661 Ramblewood Drive
East Lansing, Michigan

MINUTES

MEMBERS PRESENT: Lynn Mason; Earl Poleski

MEMBER ABSENT: Shirley Carter

GUEST: Alan Panter, CPA, Abraham & Gaffney

STAFF: Gary VanNorman, Executive Director; Gerrie Roeser, Finance Manager; Jill Gawronski, Finance Assistant; Lori Coe, Executive Secretary

CALL TO ORDER

Ms. Mason called the meeting to order at 5:01 p.m.

APPROVAL OF THE MINUTES OF SEPTEMBER 28, 2009

Mr. Poleski moved approval of the minutes of September 28, 2009 as presented. Ms. Mason supported the motion. The motion carried.

NEW BUSINESS

A. Review of FY 2008/2009 Draft Financial Audit

Mr. Alan Panter presented the draft financial audit. He noted for his firm's first year, everything went well. He added the audit will be completed earlier next year. He also stated the audit will be filed with the state Department of Treasury to be placed on their web site as it is public record. He lastly noted that MDCH requires compliance testing for substance abuse programs, so all required testing was done with no findings or compliance issues identified.

Mr. Panter proceeded to highlight some areas of the audit, stating it is an unqualified opinion which is good. He noted there were two findings neither of which is a material weakness, listed below:

2008-1 Preparation of Financial Statements in Accordance with GAAP

The Commission has historically relied on independent auditors for preparation of financial statements and related notes to financial statements as it is more cost effective than hiring additional staff for this purpose.

Recommendation: The Commission should consider providing applicable employees with training that would allow them to attain the qualifications required to fully understand the GAAP financial statement preparation process. Should the Commission choose not to address this issue, management and the Board of Directors should realize that an increased risk is present.

Corrective Action Response: We will continue to rely on our external auditors to assist in the preparation of the annual audited financial statements and footnotes consistent with our contractual agreement.

2009-1 Written Procedures and Policies

The Commission has not formally adopted written procedures and policies for several areas of operation. Specifically, the Commission does not have written procedures and policies in the following areas:

- a. Fraud risk management program
- b. Investment policy
- c. Business continuity plan
- d. Electronic transaction resolution
- e. Capitalization policy

Recommendation: That the Commission formally adopt and implement written procedures and policies in listed areas.

Corrective Action Response: Mid-South staff is currently working toward addressing and completing by the end of the fiscal year.

Mr. Poleski moved to recommend to the Commission approval of the FY 2008/2009 Financial Audit as presented. Ms. Mason supported the motion. The motion carried.

Ms. Mason moved to recommend to the Commission that the Corrective Action responses on Page 25 (and listed above) are acceptable. Mr. Poleski supported the motion, noting for Finding 2009-1, a reasonable date for completion of the listed draft policies and procedures is August 2010. The motion carried.

At this time, Mr. Poleski asked staff to leave the room so members could speak with Mr. Panter.

ADJOURNMENT

The meeting adjourned at 6:00 p.m.