

SPACKENKILL UNION FREE SCHOOL DISTRICT
2022 - 2023 INTERNAL AUDIT RISK ASSESSMENT



SPACKENKILL UNION FREE SCHOOL DISTRICT

CONTENTS	Page
Transmittal Letter	1
Overview, Objectives, Methodology	2 - 3
Risk Assessment Results and Recommendations	4 - 18
History of Internal Audit Testing and Suggested Testing Order	19



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

August 31, 2023

To the Board of Education and Audit Committee
Spackenkill Union Free School District
15 Croft Road
Poughkeepsie, NY 12603

We have performed the 2022 - 2023 Internal Audit Risk Assessment for the Spackenkill Union Free School District. The purpose of this report is to assist the District in complying with the New York State Accountability Legislation of 2005, identify potential risks, and make recommendations to minimize or eliminate those risks.

We have conducted the 2022 - 2023 Internal Audit Risk Assessment by performing certain internal audit procedures that conform to the International Standards for the Professional Practice of Internal Auditing. The updated internal audit risk assessment and related internal audit plan concentrate on the key internal controls in the following organizational areas:

- Governance and Planning
- Accounting and Reporting
- Revenue and Cash Management
- Purchasing and Expenditures
- Facilities, Equipment, and Inventory Controls
- Student Services
- Student Related Data

In performing our assessment, we relied on the accuracy and completeness of the information provided and the individuals providing it. The recommendations provided are based upon the control design represented to us by the District members, and the results of our observations, inquiries and limited testing.

This report includes the results of the internal audit risk assessment, our findings and our recommendations. We have also included additional information that will assist the District in understanding our approach and the framework for internal controls. We are available to discuss the results with the Board of Education, Audit Committee and/or management.

This report is intended solely for the information and use of the Board of Education, Audit Committee and management of Spackenkill Union Free School District and is not intended to be, and should not be, used by anyone other than these specified parties.

RBT CPAs, LLP

Newburgh, NY
August 31, 2023

SPACKENKILL UNION FREE SCHOOL DISTRICT 2022 - 2023 INTERNAL AUDIT RISK ASSESSMENT

Overview

This Internal Audit Risk Assessment report presents our view of the District's risks pertaining to its operations. It gives the District's administration the information necessary to help optimize its overall performance. The report identifies and prioritizes the key program risks so that the District's administration can focus on those areas most critical to its success.

In accordance with the laws of New York State, 2005, Chapter 263, all school districts are required to establish an internal audit function. This function should include, at a minimum, development of a risk assessment of district operations, including but not limited to:

- a review of financial policies, procedures and practices
- an annual review and update of such risk assessment
- annual testing and evaluation of one or more areas of the District's internal controls
- preparation of reports which analyze significant risk assessment findings
- recommending changes for strengthening controls and reducing identified risk

Pursuant to Section 170.12 – Regulations of the Commissioner of Education – School District Financial Accountability, each school district must prepare a corrective action plan, approved by the Board of Education, in response to findings in final reports issued by the internal auditor. This plan should include expected dates of implementation and should be filed with the New York State Education Department.

Objectives

The objectives of our engagement are as follows:

- Develop an understanding of the key business processes of the District within each functional area
- Identify and assess risks based on the understanding of the business processes and stated policies
- Identify stated controls that are currently in place to address those risks and ascertain if they are operating effectively
- Recommend improvements in internal controls

Methodology

We have performed an annual update of the District's risk assessment with respect to policies, procedures and internal controls pertaining to the District's operations. The procedures applicable to the annual update of the District's risk assessment were performed to assist the District's administration in determining an internal audit plan for the fiscal year. The risk assessment will be updated annually to reflect any changes in the control environment and the existing internal audit plan.

Our risk assessment methodology included:

- Performing interviews of Administration and other appropriate personnel
- Reviewing the documented procedures within key functional areas
- Identifying key controls and performing selected tests and walkthroughs of those controls
- Evaluating effectiveness of the key controls
- Reviewing the District's organizational structure
- Creating a risk profile and internal audit plan

**SPACKENKILL UNION FREE SCHOOL DISTRICT
2022 - 2023 INTERNAL AUDIT RISK ASSESSMENT**

In addition to the above procedures, we have also evaluated and considered the following within our overall risk assessment:

- District policies and procedures
- Board of Education/Audit Committee meeting minutes
- Financial reports provided to the Board
- Internal and external auditor findings and management letters
- District corrective action plans
- Management's perceived risks
- Organizational chart and job descriptions
- Changes in management or key personnel
- Risk of diversion or loss of assets
- Complexity and volume of the activity and transaction process
- Changes in technology
- Changes in regulations or regulatory emphasis
- Recent focus areas of State Comptroller Audits and the Media

We considered the following factors in our assessment of each area's risk:

- Inherent Risk - The susceptibility of an account or process to error, fraud, waste or abuse that could be material, assuming there were no related internal controls.
- Control Risk - The risk that material errors or fraud will not be prevented or detected by the internal control system.
- Probability - The likelihood that fraud or error could occur in the area within the next 2 years.
- Impact - The probable impact on the District if fraud or error were to occur.

Based upon the results of our procedures performed and consideration of the various factors noted above, the organizational areas have each been assessed an overall level of risk (high, medium or low).

Our Internal Audit Risk Assessment results and findings are detailed on the following pages.

GOVERNANCE AND PLANNING

GOVERNANCE AND CONTROL ENVIRONMENT

Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Lo	Unlikely	Major	Medium

SUMMARY OF CONSIDERATIONS

Demands on staff, management turnover, long range planning, policies, code of ethics, corrective actions, training, required vacations, positive tone at the top, fraud policy, compliance, Board report review, job descriptions, disaster recovery plan, open communication line, conflict of interest.

NOTES AND OBSERVATIONS

Board meeting dates are set at the board reorganization session in the beginning of each year. Board members review the Treasurer's report, Claims Auditor's report, and budget status report at regular meetings, which are held twice per month in ten out of 12 months per year. Meetings occur once per month in July and December; however there are two meetings held on the same day in July - one regular meeting and one annual reorganization meeting. RBT noted that the related minutes and video footage are posted on the District's website.

The District did not have certificate copies for all board members' required fiscal and governance training. The District website provides board member contact information in order to provide lines of communication for the public.

The District's tone at the top emphasizes academic achievement and fosters a positive growth mindset to allow multiple pathways to excellence. RBT noted a model of the growth mindset was posted in a central meeting area which highlights relationships, equity and excellence, and expanding individual learning into collective learning.

The District's disaster recovery plans are outlined in the Districtwide School Safety Plan posted on the website. Guidelines for reporting and investigating fraud are set by board policy, and the District's code of ethics includes a disclosure of interest policy.

As of June 28, 2023, RBT noted that the District had not adopted all of NYSSBA's legally required policies and had not reviewed policies that require annual review. The District is working with a lawyer to ensure that all of the legally required policies are adopted and reviewed. The District's June 30, 2022 external audit contained one financial statement finding regarding the unrestricted fund balance exceeding 4% of the subsequent year's expenditure budget. The District created a corrective action plan in response to the finding.

RECOMMENDATIONS

RBT recommends that the District adopt all of NYSSBA's legally required policies and review all policies that require annual review. RBT also recommends that the District maintain copies of required fiscal and governance training certificates for all board members.

STRATEGIC PLANNING, BUDGET DEVELOPMENT AND BUDGET ADMINISTRATION				
Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Lo	Unlikely	Major	Medium

SUMMARY OF CONSIDERATIONS

Mission statement, annual Board goals, performance measures, communication, realistic goals, open forum, priorities establishment. Budget policy, fixed asset replacement, reserves, funding priorities, budget transfers, mass encumbering, budget to actual reviews by appropriate people, fund balance projections, debt incurrence, fiscal goals, economy.

NOTES AND OBSERVATIONS

The District's mission statement is posted on the main webpage, while the goals for the year are posted annually in the Fall. A three-year districtwide professional development plan for instruction is in effect. The most recent Strategic Plan Update was published to the Board Docs area of the website in March 2019, and RBT noted during interviews that development of an update with an emphasis on financial planning is in progress.

RBT reviewed the District's budget planning process which begins in January when the School Business Administrator rolls over the prior year's budget. The Negotiations module of the nVision accounting system is used for salary and benefit projections. The budget is then broken down by building and provided to administrators to update. The 2023-24 budget passed with over 80% voter support.

Uses of fund balances include building assorted reserve funds while remaining within allowable limits. There is a current focus to establish a 4% reserve for each building. Recent bond and BAN debt proceeds were applied to capital projects including roof replacement, new turf and paving. Creating a long-term plan that affords a systematic order for developing priorities is part of current strategic planning considerations.

Planned expenditures of remaining COVID stimulus funds will be completed in the coming year and include items such as extending a Summer Academy to continue recovery of academic and social skills lost when children were at home during the pandemic. Also planned are technology upgrades to address outstanding instructional requests.

The District ordered a demographic study which indicated that elementary enrollment may decline in the near future and possibly prompt the closure of a school. However, overall enrollment in the District is currently increasing. An Out-of-District tuition option was just added, which provides the District with additional revenue and creates an appropriate channel for families to join the District who may otherwise be tempted to establish qualifying residency by illegitimate means.

At the beginning of each fiscal year, mass encumbrances consistent with the approved budget are entered by the School Business Administrator for payroll, debt service, taxes, health insurance, retirement and the like. Any subsequent budget transfer requests are approved by the School Business Administrator. Budget transfer requests over \$10,000 must be approved by the Board. RBT noted that Board minutes reflect such approvals. The Board reviews budget status reports presented as part of the monthly Treasurer's Report. Budget To Actual reports are specially reviewed by the District Treasurer and School Business Administrator on a quarterly basis and as needed.

RECOMMENDATIONS

None noted.

ACCOUNTING AND REPORTING

ASSESSING FINANCIAL CONDITION				
Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Lo	Unlikely	Major	Medium

SUMMARY OF CONSIDERATIONS

District's financial position and monitoring techniques, fund balance maintenance, long term debt analysis, reserves, ratio analysis.

NOTES AND OBSERVATIONS

The Board of Education reviews the Treasurer's Report on a monthly basis. Per the June 30, 2022 audited financial statements, the District's total governmental fund balance slightly increased for the 2022 school year. The District's unassigned fund balance was higher than the State's recommended threshold of 4% at the end of the 2021-2022 school year. The District continues to monitor its fund balance position to ensure compliance with legal requirements and has adopted a corrective action plan.

RECOMMENDATIONS

None noted.

FINANCIAL ACCOUNTING AND REPORTING				
Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Lo	Possible	Major	Medium

SUMMARY OF CONSIDERATIONS

Review of accuracy, timeliness and completeness of internal and external financial reports, accounting system, approvals, segregation of duties, claims auditor, commingling of funds, bank reconciliations, accruals, journal entry review, cash flow projection.

NOTES AND OBSERVATIONS

The District uses nVision accounting software. The nVision system features fully integrated business functions including accounts payable, budgeting, general ledger, inventory/depreciation, requisitions and purchase orders, accounts receivable, grants and payroll. The District's School Business Administrator is responsible for overseeing these activities. System support and control of access rights are managed by the Mid-Hudson Regional Information Center at Ulster BOCES.

The District Treasurer and School Business Administrator enter all journal entries in nVision software and provide supporting documentation to the Superintendent for review with the approval requests. The School Business Administrator also tracks existing debts and presents new debt issuance proposals to the board for approval.

Bank reconciliations are performed monthly for all of the funds, including Extraclassroom Activities. Reconciliations are prepared by the Managerial Advising Group and signed by one of their staff members. The reports are then signed by the District Treasurer to affirm her review and included with the Treasurer's report to the Board. Treasurer's reports are returned with approval stamps and are kept with bank statements in the District Treasurer's office files.

The Senior Account Clerk in charge of Accounts Payable enters encumbrances into nVision throughout the school year. These are reviewed by the School Business Administrator. The Claims Auditor is responsible for formally examining all claims and checks before they are issued and appears to be performing all necessary job functions. The Claims Auditor submits an errors memo for monthly Board review which contains the number and types of errors that were found, such as incorrect vendor remittance addresses, calculation errors, and sales tax inclusion.

RECOMMENDATIONS

None noted.

AUDITING				
Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Lo	Possible	Major	Low

SUMMARY OF CONSIDERATIONS

District's annual financial statement audits and the Federal Single Audit completed and submitted by due dates; Annual Financial Report (ST-3) published in newspaper, as required by Education Law Sections 1721 and 2528 and Commissioner's Regulation Section 170.2; Board Clerk publishes public notice of completed audit reports; corrective action plans prepared for all findings cited in audit reports.

NOTES AND OBSERVATIONS

Annual external audits are performed timely. The external audits for the year ended June 30, 2022 both had unmodified opinions and did not contain any material weaknesses. There was one significant deficiency in internal control over compliance noted. The District's June 30, 2022 annual audited financial statements and extraclassroom activity audit were dated October 14, 2022. The audited financial statements were approved by the Board on October 11, 2022 and were submitted to NYSED on October 14, 2022. The single audit was dated on February 6, 2023, and was submitted on February 10, 2023. The District filed the ST-3 on September 1, 2022. The District did not publish the ST-3 information in the newspaper as required by Education Law Sections 1721 and 2528 and Commissioner's Regulation Section 170.2. The District created a Corrective Action Plan in response to the finding noted in the June 30, 2022 external audit report. The Corrective Action Plan was dated October 31, 2022 and was approved by the Board and published to the District's website under the November 15, 2022 Board minutes.

RECOMMENDATIONS

RBT recommends that the District publish the ST-3 notification in the newspaper.

STATE AID AND GRANTS				
Inherent Risk	Control Risk	Probability	Impact	Overall Risk
High	Med-Lo	Possible	Manageable	Medium

SUMMARY OF CONSIDERATIONS

System to track and submit claims, checklists, timely reports, documentation, compliance requirements.

NOTES AND OBSERVATIONS

The Personnel Assistant is responsible for managing funded Title Grants. State aid and grants are monitored by the District's Business Office. The Assistant Superintendent for Instruction is the official contact for NY State Aid, Grants, and Medicaid. The District utilizes various online databases offered by the State Aid Agency to track and submit claims. Everything relating to grants is done through the NYSED portal. The Personnel Assistant maintains a spreadsheet to keep track of grant money spent and fills out purchase orders to spend grant money. If there are any changes, the Personnel Assistant fills out an amendment form, which typically only happens if there is carryover money. The NYSED portal notifies the Personnel Assistant if there is anything that must be submitted, and she keeps track of the due dates. If there are any changes made relating to grants, the Superintendent is notified through the NYSED portal. The Personnel Assistant, Assistant Superintendent for Instruction, and Superintendent are the only people who have access to the portal.

RECOMMENDATIONS

None noted.

REVENUE AND CASH MANAGEMENT

CASH RECEIPTS AND REVENUE				
Inherent Risk	Control Risk	Probability	Impact	Overall Risk
High	Low	Possible	Major	Low

SUMMARY OF CONSIDERATIONS

Cash Receipts procedures, segregation of duties, recording, deposit frequency, bonding, receipt issuance.

NOTES AND OBSERVATIONS

The District's school tax revenue collection is done by the Town of Poughkeepsie Receiver of Taxes and payment is sent to the District. The tax levy is the only factor that the Board of Education controls.

Cash receipt procedures have been implemented which segregate duties. Front desk staff of the Business Office open the mail and log cash receipts. The majority of payments are checks from retired teachers to cover their health insurance contributions. The District Treasurer separately prepares the deposit, endorses checks and enters receipts into the nVision accounting system. Any physical receipts are placed in a tamper-evident bag and retained overnight in a safe. A bus driver on duty as courier brings deposits to the bank. There is no use of remote deposit by the District.

The NutriKids system is used for the students' cafeteria accounts. The majority of payments are received online from families, but many are still made daily in cash. Cashiers in each school start the day with a \$40 change bank in the drawer. They record purchases in the NutriKids system and at the close of each day, the bank is restored, and cashiers place the cash collections into tamper-evident bags. NutriKids records the daily take and cashiers cannot see or edit those totals. A bus driver on duty as courier brings the bags to the Food Service Director's office where receipts are stored overnight in a safe. The Director prepares the deposit using NutriKids and the courier on duty brings the receipts to the bank. NutriKids deposit reports are entered into nVision by the District Treasurer.

Board policies exist which address bonding for those employees who handle cash. The Board reauthorizes bonding annually for the District Treasurer, School Business Administrator, Deputy Treasurer, Central Treasurer of the Extra-Class Activity Funds, Internal Claims Auditor, and Cafeteria Fund Couriers.

RECOMMENDATIONS

None noted.

CASH MANAGEMENT AND INVESTMENTS

Inherent Risk	Control Risk	Probability	Impact	Overall Risk
High	Med-Lo	Possible	Major	Medium

SUMMARY OF CONSIDERATIONS

Authorizations, documentation, policy to determine excess money, collateralization, general municipal law requirements.

NOTES AND OBSERVATIONS

Wire transfer authorization and bank depository selections are provided for by Board policies and affirmed annually at the Board reorganization meeting. Policy also requires board approval of all bank accounts before they can be opened. These policies and meeting minutes containing the annual reauthorizations were posted to the Board Docs area of the District website.

Online banking is utilized daily by the District to make transfers, check account balances and review transactions. A laptop is maintained in the District Treasurer's office which is dedicated for preparing all online banking activity. It cannot connect to servers or network drives. Each user has their own username and password. The District's password complexity is consistent with requirements set forth by the New York State Comptroller's Office.

The District uses the Positive Pay banking tool to review payments for any fraudulent activity. Mismatch notifications are received by the District Treasurer for any questionable transactions. Tokens are used and two-step verification is required for the NYCLASS accounts. Banking institutions also have log-in protection measures.

Wire transfers require two people to be authorized and transacted. Wires are set up either by the Deputy Treasurer or District Treasurer and are released by a different person - the School Business Administrator, the District Treasurer, or the Deputy Treasurer.

RECOMMENDATIONS

None noted.

PETTY CASH

Inherent Risk	Control Risk	Probability	Impact	Overall Risk
High	Low	Unlikely	Insignificant	Medium

SUMMARY OF CONSIDERATIONS

Authorization, responsibility, limits, documentation, uses, audits.

NOTES AND OBSERVATIONS

Petty cash limits for each school building and the District Office are authorized annually at the Board Reorganization meeting and included in the minutes posted to the District's website. Petty cash is currently authorized at \$50 for each of the four school buildings (Spackenkill H.S., Orville A Todd M.S., Hagan E.S., Nassau E.S.) and at \$100 for the District Office. This is consistent with NYS law, section 27:42, which asserts that "No such fund may exceed \$100 at any one time in school districts with 8 or more teachers."

For the entire 2022-2023 school year, use of petty cash was minimal - approximately \$55 was spent among three transactions. The District Office petty cash is log is maintained by the Administrative Assistant and overseen by the District Treasurer. When petty cash is used, it is for materials, supplies, or services and only when payment is required upon delivery. At the time of reimbursement, an itemized statement of expenditures, together with substantiating receipts, must be submitted.

RECOMMENDATIONS

None noted.

PURCHASING AND EXPENDITURES

PURCHASING				
Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Hi	Unlikely	Major	Medium

SUMMARY OF CONSIDERATIONS

Purchasing agent designation, procurement policy, bidding, independence, quotes, purchase order system, cooperative bidding, vendor maintenance, approvals, blanket purchase orders.

NOTES AND OBSERVATIONS

The District has adopted a Purchasing policy. The Purchasing Agent is appointed in the reorganization meeting minutes. The District has specific purchasing and expenditure guidelines as noted in the purchasing policy. The School Business Administrator is the appointed Purchasing Agent per the reorganization minutes. The District follows General Municipal Law ("GML") requirements to obtain competitive bids for purchase contracts that exceed \$20,000 and public works contracts that exceed \$35,000. The Purchasing policy includes requirements for acquiring verbal and/or written quotes for acquisitions below the GML thresholds. Purchase contracts from \$2,000 to \$4,999 should include documentation of 2-3 verbal quotes if feasible. Purchase contracts from \$5,000 to \$20,000 should include documentation of 2-3 written quotes if feasible. Public work contracts from \$2,000 to \$9,999 should include documentation of 2-3 verbal quotes if feasible. Public works contracts from \$10,000 to \$35,000 should include documentation of 2-3 written quotes. During the review of bidding documentation, RBT noted that the District did not receive bids and quotes according to the purchasing policy.

All purchase orders are approved by the Purchasing Agent. Purchase order numbers are computer generated with unique numbers. Requisitions are submitted electronically and remotely through nVision. Staff are restricted to the chart of accounts for their building and there is a safety check in nVision that does not allow for spending beyond the budgeted amount per code. Requisitions are reviewed and approved by Principals, Coordinators, and Support Staff Supervisors. Requisitions then get approved by the Senior Account Clerk and the Purchasing Agent. Purchase orders are then printed and mailed by the Senior Account Clerk. Blanket purchase orders are used for vehicles, repairs to music instruments, and operations and maintenance purchase orders. For purchases relating to emergencies, claims forms are used for invoices without purchase orders in place. All payments made by the District go through an audit from the Claims Auditor.

RECOMMENDATIONS

RBT recommends that the District obtain and document bids and quotes based on the adopted purchasing policy.

ACCOUNTS PAYABLE AND CASH DISBURSEMENTS

Inherent Risk	Control Risk	Probability	Impact	Overall Risk
High	Med-Lo	Possible	Manageable	Medium

SUMMARY OF CONSIDERATIONS

Procedure review from invoice receipt to payment, including: check stock, authorizations, wire transfers, PO and receiving report matching, discounts or penalties, signatures, mailing procedures.

NOTES AND OBSERVATIONS

The District's Senior Account Clerk reviews and pays all invoices for the District. The Senior Account Clerk reviews all requisitions and purchase orders, matches them to invoices, and enters them into nVision. Check runs are done once a week. Once the Senior Account Clerk enters all information into the system, the Treasurer is notified and will sign the checks. If the Treasurer is not available to sign the checks, the Deputy Treasurer will sign the checks. The Treasurer and Deputy Treasurer are the only check signors at the District. Purchase orders are stamped as paid and they are scanned into the system and attached to the related payment. Open purchase orders get stamped every time they are used. The Senior Account Clerk is responsible for mailing checks. Blank checks are prenumbered and maintained in the Treasurer's office. The District does not write checks to cash and does not issue handwritten checks.

Before checks are released, the Claims Auditor must see all payments for review and approval. After the Claims Auditor reviews the invoice, verifies the shipping address, vouches the total invoices to the total check request and verifies that the purchase was approved, she returns the packet to the Senior Account Clerk. After the checks are printed, the Claims Auditor receives the same packet that was reviewed prior to the check run, the warrant, and copies of the checks. The Claims Auditor will then vouch that the checks have the appropriate address and amount, and will certify the warrant. If exceptions are identified, the Claims Auditor follows up with the Senior Account Clerk so the appropriate changes can be made. Once the packet is approved, it is returned to purchasing. The Claims Auditor prepares a monthly report to the Board showing the different funds, the beginning and ending check numbers and any mistakes that were found. During the review of cash disbursements, RBT noted that there was no documentation of approval by the Claims Auditor on purchase orders or invoices.

The District uses credit cards and has an adopted policy regarding credit cards/charge cards. All issued credit cards will be in the custody of the designated card holder or held in the Treasurer's office and must be signed in and out. According to the credit cards/charge cards policy, an aggregate credit line is not to exceed \$10,000. RBT reviewed a credit card statement that exceeded the amount set in the District's policy.

RECOMMENDATIONS

RBT recommends that the Claims Auditor document approval with a signature on the purchase order or invoice. RBT also recommends that the District adhere to the adopted credit card/charge card policy.

PAYROLL AND PERSONNEL

Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Hi	Likely	Manageable	Medium

SUMMARY OF CONSIDERATIONS

Controls, procedures, documentation over hiring, termination, timesheets, check distribution, benefits, withholdings, salary vs. paycheck, OT, employee handbook, 1099s, fingerprinting, signed contracts, payroll audits, accrual calculation.

NOTES AND OBSERVATIONS

The Personnel Assistant is responsible for applications, fingerprint testing and certifications before an applicant is interviewed. Once an applicant is hired, the Personnel Assistant does all the onboarding paperwork with the new hire. She then gives all the new hire information to the Superintendent's Secretary, who is responsible for entering the information into nVision. The Payroll Clerk is responsible for entering all salary related information into nVision. The Payroll Clerk is also responsible for entering changes into the system such as salary changes, changes to tax forms or name changes, as well as terminations. Personnel files are maintained in the business office, and the Personnel Assistant has a new hire information checklist of items that must be included in the employee's personnel file, as well as a technology access request and building access form. The District is in the process of making this form electronic. When an employee is terminated, the Personnel Assistant initiates the access form to remove the employee's access to the District's software, and informs the IT department so that the employee's equipment can be collected. During the testing of employee personnel files, RBT noted that several employees' personnel folders were missing the signed oath, and one employee's personnel folder was missing an OSPRA form.

Time sheets are signed by hourly employees and are approved by the appropriate supervisor. Hourly employees are paid based on contracts or board approved rates. Salaried employee pay is determined by salary contracts or Board approval. Exception based attendance reports are filled out by Administrators and District Office Staff for sick, personal, and vacation days, and are approved by the appropriate supervisor. Attendance for teachers is sent weekly by the school on electronic spreadsheets, stating which teacher is out and the sub that is in for them. Substitute pay rates are approved by the Board each year. The District tracks compensated absences through time sheets and substitute sheets signed by the appropriate supervisors each period, as well as through monthly administrative leave reports. Management Advisory Group ("MAG") tracks and enters the compensated absences information into nVision each period. They are reviewed periodically for errors and reasonableness.

Once all time sheets have been entered, MAG enters the information and the Payroll Clerk reviews it and makes any necessary changes. The payroll report is generated, and nVision calculates all payroll taxes and deductions. Once the final payroll register is approved, payroll can be processed. Payroll is approved by the Superintendent and the School Business Administrator or the District Treasurer.

RECOMMENDATIONS

RBT recommends that the District create a checklist for items that should be included in all personnel files and add the missing documentation to the personnel files tested.

TRAVEL AND CONFERENCES

Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Hi	Possible	Manageable	Medium

SUMMARY OF CONSIDERATIONS

Approval, rates, policy, attendance checklists, credit cards, tax exempt status, advances, required forms.

NOTES AND OBSERVATIONS

The District has adopted a School Board Conferences, Conventions, and Workshops policy (8112), which is available on the District website. According to the policy, the District will provide reimbursement for meals, lodging, travel, registration, and other miscellaneous expenses. Receipts must be provided for reimbursement. The policy states guidelines for reimbursement of meals, travel and mileage. For meals, a maximum daily allowance for overnight conferences is \$100 for conferences held in large cities and \$75 for other locations. If conference time encompasses a meal hour and meal is not included in the conference fee, the District will reimburse an employee an amount not to exceed \$15 for breakfast, \$20 for lunch, and \$40 for dinner. Itemized receipts must be submitted and alcoholic beverages are not reimbursable. For travel, air travel must be at the coach or economy rate, and travel expenses other than personal auto mileage must be supported by receipts. The District reimburses mileage at the rate established by the IRS.

RBT reviewed a select number of travel and expense reimbursement payments and noted that disbursements pertaining to travel/conference were in line with District's policies and procedures.

RECOMMENDATIONS

None Noted.

FACILITIES, EQUIPMENT AND INVENTORY CONTROLS**FACILITIES MAINTENANCE**

Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Lo	Possible	Major	Low

SUMMARY OF CONSIDERATIONS

Long range plan for replacement, safety and maintenance activities, energy conservation.

NOTES AND OBSERVATIONS

The Director of Facilities is responsible for tracking and monitoring projects. Under the Director of Facilities there is 1 maintenance person, 3 grounds people, and 12 custodians. The target is 15 custodians, but the District has had trouble finding candidates. The Director of Facilities will be retiring shortly, and a replacement had not been hired at the time of audit fieldwork.

Temperature control sensors detect when the building temperature is too low and reports it to a monitoring company, which will contact the Director of Facilities if there are any issues. The District has had some issues obtaining custodial supplies, and purchases many supplies from Amazon because it is cheaper, even with sales tax. Supplies are bought as needed because there is limited storage for supplies in the buildings. The furnaces in each building are dual oil and gas burning. The District is currently removing the oil tanks and will only burn gas going forward.

The District has a work order system in place. Monthly meetings are held at each school to go over the status of outstanding jobs.

RECOMMENDATIONS

None noted.

FACILITIES CONSTRUCTION

Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Lo	Unlikely	Major	Medium

SUMMARY OF CONSIDERATIONS

Approvals, debt, State filings and authorizations, capital project recording, funding used properly, construction costs review and approval procedures, professionals consulted.

NOTES AND OBSERVATIONS

On December 5, 2017, District voters approved a capital improvement project for each of the District's educational buildings totaling \$24,089,832. The District hired a construction management company to oversee the project and communicate with the contractors and engineers. The District is currently on phase 5 of the capital project, and has recently replaced the track and field, roofs, and is working on a pavement project.

RECOMMENDATIONS

None noted.

INVENTORY CONTROLS

Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Lo	Unlikely	Manageable	Medium

SUMMARY OF CONSIDERATIONS

Recognition and recording of new capital assets, insurance, recording asset disposals, Board approvals, policies, responsibility, ID tags, inventory system, security, physical inspections, thresholds.

NOTES AND OBSERVATIONS

All fixed asset additions are approved by the Board, and are recorded in a spreadsheet maintained by the School Business Administrator. Many additions come from BOCES and have already been tagged. Other items the District purchases are mostly buses and technology. When new technology is purchased, the IT Director will tag the items and send the cost and quantity to the School Business Administrator for depreciation purposes. Disposal of fixed assets requires a Board resolution. Once there is a resolution approving the disposal, the School Business Administrator will remove the item from the fixed asset listing.

RECOMMENDATIONS

None noted.

STUDENT SERVICES

STUDENT TRANSPORTATION				
Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Hi	Possible	Major	Medium

SUMMARY OF CONSIDERATIONS

Policies for transportation eligibility, bidding, submissions, aid, bus inspections, driver qualifications, contracts, mileage records.

NOTES AND OBSERVATIONS

The District has adopted numerous policies governing transportation. RBT noted that they are published on the District website. Bussing eligibility requirements are posted there as well.

The District currently outsources a majority of bussing needs to Total Transportation which was awarded a three-year bid and is on a yearly contract extension approved by NYSED. Total Transportation performs regularly scheduled DOT maintenance of their fleet and is responsible for passing DOT inspections. The company is also responsible for staffing and hiring bus drivers. Total Transportation is in the process of merging with First Student.

The District maintains 13 small busses to support transport needs related to special education services, and BOCES coordinates transportation for students with special needs. To create maintenance efficiencies, the District has elected to use only Chevrolet makes for the in-house fleet. The useful life for replacement is five years per policy, and one or two vehicles are purchased each year. New York State has mandated that schools transition to all-electric fleets by 2030, and the District is in the process of planning for how to meet these requirements.

To coordinate routes the department uses the web-based Traversa management system and driver qualifications are checked using License Monitor. The Director of Transportation addresses reports of missed stops and violations, and will discuss any concerns noted with the driver and District Administration. All buses are equipped with video cameras.

RECOMMENDATIONS

None Noted.

FOOD SERVICE				
Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Lo	Possible	Manageable	Low

SUMMARY OF CONSIDERATIONS

Internal/external, transaction controls at cash collection points, inventory controls and security, monitoring, free and reduced lunch controls, bidding, sales tax, notifications, adult meals, donated surplus, aid.

NOTES AND OBSERVATIONS

The NutriKids system is used for the District's student cafeteria accounts. NutriKids sends account notifications to families in the case of low balances. The District does its own bids for most items and uses nVision for weekly inventory. Food is locked in cabinets/refrigerators and the kitchens lock. Recent supply chain issues continue to be of concern for both price and availability.

With the expiration of Covid emergency funding, the District is no longer offering universal free lunches as it had been, using a commodities-based menu. As families resume making payments, some face challenges making payments - roughly 20% of accounts are not current. There are also changing expectations for menu offerings among families. Due to requests, the District recently increased the school lunch budget to expand the number of options available to students.

Currently the department is spending an existing fund balance on renovating Nassau elementary and renovations will begin soon on Hagen elementary as part of a capital project. The high school kitchens have been renovated in the last 8-15 years.

Food safety is a priority. News events highlighting food-related illnesses are posted and reviewed at frequent trainings. Temperature checks are ubiquitous, even to the point of taking notes while goods are still on vendor trucks. Staffing levels are lean with little shift overlap.

RECOMMENDATIONS

None noted.

EXTRACLASSROOM ACTIVITY FUNDS

Inherent Risk	Control Risk	Probability	Impact	Overall Risk
High	Med-Lo	Almost Certain	Manageable	Medium

SUMMARY OF CONSIDERATIONS

Oversight and authorization of organizations and cash, event admissions, adherence to SED and Board policies, procedures, activities.

NOTES AND OBSERVATIONS

The High School and Middle School Central Treasurers are appointed in the annual reorganization minutes. Clubs rollover from year to year and new clubs require approval.

The High School Central Treasurer has a Google Classroom for all club Student Treasurers and Advisors where they can access the student handbook and club spreadsheets. She has a meeting at the beginning of each school year with the Student Treasurers to go over the rules and guidelines, which are all documented in the student handbook. She meets again with the Student Treasurers individually halfway through the school year and at the end of the school year. The Student Treasurers are responsible for tracking their club information into Google Classroom, and the Central Treasurer keeps her own records and reconciles the two to make sure they match. Advisors collect money at fundraisers, the Student Treasurers count the money, and the Central Treasurer recounts it. Deposit slips must be signed by the Central Treasurer, Student Treasurer, and the Advisor. Check requests must have backup support, and the disbursement must be approved in the club's meeting minutes. If it is not approved in the minutes, there is a form that needs to be filled out and approved by the club. The Central Treasurer hand writes checks and is the only signor on the account. There are also forms that need to be completed for transfers between clubs. All forms and paperwork have a color-coded system. There is one bank account for all clubs. The Central Treasurer receives the bank statement, prepares a reconciliation, and ensures there is proper documentation for outstanding items. She then prepares a monthly report for the Board, and provides a club report to the Advisors. Sales tax is calculated at the time of deposit, and the clubs never have anything in their account that is not theirs to keep. The Central Treasurer has a worksheet showing where she pulled out sales tax and she sends the sales tax to the state for both the High School and Middle School.

Similar to the High School, the Middle School has one bank account for all extraclassroom activities, and it is reconciled monthly by the Middle School Central Treasurer. The Middle School also uses a color coded system for all forms. The Student Treasurers use a workbook to log all club transactions and the workbooks are submitted to and reviewed by the Central Treasurer. The Central Treasurer maintains her own records on a spreadsheet, with a different tab for each club. For all deposits, there is a form that shows the breakdown of cash, where the funds came from, the items cost and units, and if it is eligible for tax. The forms must be signed by the Central Treasurer, Student Treasurer, and the Advisor. Sales tax for the Middle School clubs gets sent to the High School Central Treasurer to be submitted to the state. For check requests, there must be a check request form, invoice or receipt, and approval in the club's meeting minutes. The Central Treasurer will only transfer funds between clubs if a transfer form is completed. Many of the Advisors are the same each year, so they will help the Student Treasurers. Returning Advisors get refresher information each year from the Central Treasurer with directions for deposits and check requests, and the Central Treasurer will sit down with the new Advisors to go over information.

RECOMMENDATIONS

None Noted.

STUDENT DATA

ATTENDANCE				
Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Low	Med-Lo	Unlikely	Major	Medium

SUMMARY OF CONSIDERATIONS

Procedures and controls, policies, record keeping, report submissions.

NOTES AND OBSERVATIONS

The District has adopted a Student Attendance policy. The eSchoolData program is used to house all student information. The District Data Coordinator tracks student attendance through eSchoolData. Student attendance is initially marked in homeroom, and the District Data Coordinator reviews data entered by the buildings to identify any errors. The District Data Coordinator also reviews audit reports from NYS for student transfers. The District sends daily attendance reports to NYS every 2 weeks. NYS provides a publication with submission dates and the District Data Coordinator maintains a calendar to track submission dates. The District Data Coordinator is the only person in the District trained in the procedures for reviewing and submitting student attendance data.

RECOMMENDATIONS

RBT recommends cross-training another District employee in the procedures for reviewing student attendance in the eSchoolData program and submitting reports to the state, as a backup for the District Data Coordinator.

RELIABILITY OF STUDENT PERFORMANCE DATA				
Inherent Risk	Control Risk	Probability	Impact	Overall Risk
Medium	Med-Lo	Possible	Major	Medium

SUMMARY OF CONSIDERATIONS

Data accumulation responsibilities, training, data assessment, security, accuracy, record keeping.

NOTES AND OBSERVATIONS

Student performance data is maintained in the eSchoolData program. The District Data Coordinator extracts data from eSchoolData to ensure there is no missing data, such as incomplete grades and rejected results. The District Data Coordinator prepares an analysis to verify class rankings. Out-placed students and home-schooled students with IEPs are tracked in eSchoolData. The District Data Coordinator is the only person in the District trained in the procedures for reviewing and submitting student performance data.

RECOMMENDATIONS

RBT recommends cross-training another District employee in the procedures for reviewing student performance data in the eSchoolData program and submitting reports to the state, as a backup for the District Data Coordinator.

History of Internal Audit Testing and Suggested Testing Order

Audit Area	Overall Risk	Suggested Testing Order	2022 -2023	2021 -2022	2020 -2021	2019 -2020
GOVERNANCE AND PLANNING						
<i>Governance and Control Environment</i>	<i>Medium</i>					
<i>Strategic Planning, Budget Development and Budget Administration</i>	<i>Medium</i>					
ACCOUNTING AND REPORTING						
<i>Assessing Financial Condition</i>	<i>Medium</i>					
<i>Financial Accounting and Reporting</i>	<i>Medium</i>					
<i>Auditing</i>	<i>Low</i>					
<i>State Aid and Grants</i>	<i>Medium</i>					
REVENUE AND CASH MANAGEMENT						
<i>Cash Receipts and Revenue</i>	<i>Low</i>					
<i>Cash Management and Investments</i>	<i>Medium</i>					
<i>Petty Cash</i>	<i>Medium</i>					
PURCHASING AND EXPENDITURE						
<i>Purchasing</i>	<i>Medium</i>	1				
<i>Accounts Payable and Cash Disbursements</i>	<i>Medium</i>	2				
<i>Payroll and Personnel</i>	<i>Medium</i>	3				
<i>Travel and Conferences</i>	<i>Medium</i>					
FACILITIES, EQUIPMENT, AND INVENTORY CONTROLS						
<i>Facilities Maintenance</i>	<i>Low</i>					
<i>Facilities Construction</i>	<i>Medium</i>					
<i>Inventory Controls</i>	<i>Medium</i>					
STUDENT SERVICES						
<i>Student Transportation</i>	<i>Medium</i>					
<i>Food Service</i>	<i>Low</i>					
<i>Extraclassroom Activity Funds</i>	<i>Medium</i>					
STUDENT RELATED DATA						
<i>Attendance</i>	<i>Medium</i>					
<i>Reliability of Student Performance Data</i>	<i>Medium</i>					