



PELHAM UNION FREE SCHOOL DISTRICT

**Corrective Action Plan
Related to
Risk Assessment Update Report
May 1, 2014**

CURRENT YEAR'S OBSERVATIONS AND RECOMMENDATIONS

None Noted

STATUS OF PRIOR OBSERVATIONS AND RECOMMENDATIONS (OPEN ITEMS)

EXTRACLASSROOM ACTIVITIES

Findings

The basic structure of the middle school extraclassroom accounts was not within the guidelines promulgated by New York State Education Department (NYSED). Individual clubs were not involved in the financial operations of the accounts, and there was limited financial involvement of students in many of the transactions. Some specific concerns included:

- The Extraclassroom Treasurer did not always pay or did not remit sales tax for purchases for extraclassroom accounts. If an invoice did not have sales tax charged, the Treasurer did not call the vendor for a revised invoice or separately remit sales tax.
- The extraclassroom clubs did not have their own student treasurers; there was a middle school (MS) student treasurer who assisted the Central Treasurer with reviewing disbursements only. The MS Student Treasurer did not count deposits and match them to the deposit amount recorded on the form.
- The deposit form did not contain a space large enough to record an adequate description for deposits. Descriptions for the deposits were not detailed to determine if the deposit was complete. In addition, the form did not contain a space for the Student Treasurer to sign off on the deposit. In addition, the clubs were not using pre-numbered tickets or similar methods to account for funds received.
- The student treasurers for the individual clubs did not sign off on disbursements for their respective clubs, the Student Treasurer of the Student Government Club signed off on all extraclassroom disbursements for the MS.
- The Extraclassroom Treasurer did not provide club balance information to the faculty advisors to allow them to agree their records to the District's.

High School Extraclassroom Activities

While the basic structure of the extraclassroom clubs does appear to be in agreement with the state requirements there are several items worth noting:

- The student treasurers for the clubs do not sign off on the deposit forms indicating they are in agreement with the deposit amount.
- The deposit form does not contain a space large enough to record an adequate description for deposits. Descriptions for the deposits are not detailed to determine if the deposit is complete. In addition, the form does not contain a space for the student treasurer to sign off on the deposit.
- During our review of a few receipts, we noted a deposit from the prior spring that was held by the advisor and not deposited until September.
- There is a club with no student activity (Caps & Gowns).
- A club for collecting SAT and PSAT test money that was set up a few years ago still exists with a balance of \$5,500. The Central Treasurer informed us that she spoke to the principal regarding this account, but has not been given any direction on what to do with the funds.

District Response

Over the course of school year 2013-14, the District reviewed all accounting and reporting functions related to the High School and Middle School Extraclassroom Clubs in consultation with the internal auditors and implemented the suggested accounting controls, where practical. With regard to the Middle School ECAF, the Treasurer is now following the state guidelines with respect to sales tax; student treasurers will be appointed for clubs with financial activity in FY2014-15; a new cash receipt form was developed to meet the auditor’s recommendations; and reports will be provided to the faculty advisors for review and approval commencing at the end of FY2013-14. With regard to the High School ECAF, a new cash receipt form was developed to meet the auditor’s recommendations; and any inactive clubs with remaining fund balance are being investigated and will be closed at year end, with any remaining funds reverting to the overall student association.

PERFORMANCE REVIEWS

Finding

During our review, we noted that annual performance evaluations were not performed for all employees during the 2010-11 fiscal year. An annual review is important to provide written feedback to employees regarding performance.

We recommended that the District develop procedures to ensure that all employees were reviewed in accordance with the related collective bargaining agreements and state regulations, and that all employees be formally reviewed at least annually. A list of employees not reviewed would be maintained by the appropriate assistant superintendent and the appropriate administrators would be advised when reviews are due.

District Response

The District investigated utilizing the Human Resource module in its financial management software to account for performance reviews, but has not fully implemented the procedure. The District is implementing a plan to require administrators to review non-certified staff each year by June 30. The expectation is that all non-certified staff will receive a performance evaluation by June 30, 2014, and annually thereafter. This process will be monitored by the Business Office.

EXTRACLASSROOM ACTIVITY FUND REPORTS

Finding

We noted that the District does not prepare a quarterly fiscal report related to the Extraclassroom Activities Fund as per CR §172.3(b). We recommend that the District implement procedures to require the Central Treasurer to prepare a quarterly Extraclassroom Activity Fund Report for submission to the Board in compliance with CR §172.3(b).

District Response

The Business Office has worked with the Central Treasurers at the Middle School and High School to begin preparing quarterly Extraclassroom Activity Fund Reports for submission to the Board commencing with the quarter ending June 30, 2014.

PURCHASING--INVOICES EXCEEDING THE PURCHASE ORDER

Finding

We recommended that procedures be documented as to what amount of increase to a purchase order (PO) warrants the Purchasing Agent's review and procedures would be in place to communicate the increase with the requisitioner and departmental approver.

Risk Assessment Update – April 2013

This has been partially implemented. Effective at the start of the 2012-13 fiscal year, the Accounts Payable Clerk sends an "explanation form" to the department head when an invoice amount exceeds the purchase order. The form requires the department head to document the reason for the variance. This completed form is returned to the Accounts Payable (AP) Clerk and a copy is sent to the Assistant Superintendent for Business. No formal procedure has been documented as to what amount of increase to a PO warrants the Purchasing Agent's review and approval. This issue could be documented in the purchasing regulations.

District Response

The Accounts Payable Clerk has been instructed to obtain approval from the Purchasing Agent when a PO is increased by 10%+ or \$1,000 over the original amount.

INFORMATION TECHNOLOGY

Finding

We recommended the District formalize a timely notification process for informing the Information Technology (IT) Department about new hires, terminations, leaves of absence and students entering and leaving the District so that the IT Department can add, change or remove security clearance to the respective systems.

Risk Assessment Update – March 2011

We were told that communications had improved significantly related to granting and removing access to and from the District network. However, formal procedures had not been implemented. We recommended that procedures be put into place to ensure access changes were processed on a timely basis after receipt of authorization from appropriate personnel.

Risk Assessment Update – March 2012 –March 2014

The Director of Information Technology had drafted a proposed procedure to address these issues, but it has not been implemented.

District Response

The Business Office will work with Technology and the District Clerk to implement procedures to address timely notification of system access changes necessitated by employees and students entering and leaving the District.

CAPITAL ASSETS

Finding

The District did not have adequate procedures in place to ensure assets are tagged, accounted for and recorded in the district-wide register of assets. There had been significant changes in Business Office staff and this area had not been adequately addressed.

We understood that the Treasurer would be assigned to develop procedures to ensure assets are tagged, and recorded in the District's asset register on a timely basis.

Risk Assessment Update – March 2012

There will be a full fixed inventory performed this year. We discussed the need to evaluate the results of this inventory by comparing the items identified in the physical inventory to the district-wide records. In addition, we discussed the

need to develop and implement procedures that can be used as soon as the inventory is complete to systematically account for fixed assets.

Risk Assessment Update – April 2013

This has not been implemented. During our engagement we worked with the Treasurer to develop an outline of procedures to help ensure all items are properly identified, tagged and accounted for.

District Response

Implementation of this recommendation was delayed in FY2013-14 due to turnover in the Business Office staff; however, the Treasurer has begun working with the new Business Office staff person to implement this procedure.

BENEFITS

(From the AUP report related to benefits-Dated November 27, 2013)

Invoice Documentation

The Junior Accountant should attach each reconciliation to the respective invoice as documentation to the invoice amount. The invoice, along with the reconciliation, should then be forwarded to the Assistant Superintendent for Business for review and approval.

District Response

Given the voluminous nature of the documentation, the Junior Accountant will attach a printout of the last page of the reconciliation to the invoice as evidence of review and satisfactory reconciliation, with a notation of where to find the full reconciliation report on a shared computer file.

Checklist for First Payroll

A checklist should be prepared for the tasks required to be completed for the first payroll of each fiscal year (July and September). This checklist should be completed by one employee and reviewed and approved by another employee. This would help ensure that all items associated with the first payroll of the year had been addressed.

Risk Assessment Update – April 2014

A payroll calendar has been established detailing which bargaining units are to be paid each pay period; including any special payouts, during that pay period. Additionally, any other activities (i.e. FSA open enrollment) were included on the calendar as a reminder. We continue to recommend that a checklist be developed for the initial payrolls of each year that can be used to help ensure that no process or adjustments have been omitted.

District Response

The Junior Accountant will develop and initiate use of such a checklist commencing with the first payroll of fiscal 2014-15. The Staff Assistant-Finance & Administration will review completion of the checklist for the initial payrolls of each fiscal and calendar year going forward.