



**PELHAM UNION FREE SCHOOL DISTRICT**

**Corrective Action Plan  
Related to  
Risk Assessment Update Report  
May 3, 2016**

**CURRENT year's OBSERVATIONS AND RECOMMENDATIONS**

**Timeliness of MS Extraclassroom Deposits**

**Findings/Recommendations**

We noted that a deposit for ticket sales for the Middle School (MS) Drama Club production with cash collections totaling over \$4,000 was held for over a month, prior to depositing. The dates of the event were January 20<sup>th</sup> and 21<sup>st</sup>; however, the deposit was not made until March 4<sup>th</sup>. There was a note on the deposit form indicating that the faculty advisor contacted the Central Treasurer on February 24<sup>th</sup> to make the deposit; however, the student treasurer was unavailable to count the money that day.

We recommend that deposits be made within 3 days of receipt.

**District Response**

**While this matter appears to be an isolated incident, the District has instructed the Central Treasurer to ensure that deposits are made in a timely manner. The MS principal noted that the funds were kept in a locked, secure location prior to deposit.**

**Vendor Changes and Review**

Vendor changes are not recorded on a form, but are either communicated to the Accounts Payable (AP) Clerk via telephone call or email from the Department requesting the change. Also, there is no formal review of the vendor changes by a second person.

We recommend that an audit trail report be reviewed on a monthly basis and appropriate inquiries made regarding unusual changes.

**District Response**

**The District has implemented this recommendation. The District Treasurer has begun reviewing a system-generated vendor change report each month effective May 2016. This report will also be shared with the Claims Auditor each month.**

## **STATUS OF PRIOR Observations and recommendations (OPEN ITEMS)**

### **Security Access**

#### **Findings/Recommendations**

During the time of our review, the District was implementing a card access system. As part of the implementation, procedures need to be established to immediately remove access for employees separating from the District. We recommend that the District develop procedures (in conjunction with procedures to notify the IT department of staff changes) to ensure that access to the buildings is available only to appropriate people.

#### **District Response**

**The Business Office has worked with Technology to implement a procedure addressing timely notification of system access changes necessitated by employees and students entering and leaving the District. This procedure was implemented in June 2016.**

### **High School Extraclassroom Activities**

#### **Findings/Recommendations**

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.

#### **Risk Assessment Update-April 2016**

The Deposit Form has been updated to include a space for the student treasurer of the club to sign-off on the deposits. Our review of some deposits and disbursements for the year found that if the club has a student treasurer the forms were signed. However, there are some clubs that should have student treasurers but do not (Band and Chorus). The District should consider accounting for these activities in the Expendable Trust accounts.

- 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.

#### **Risk Assessment Update-April 2016**

A new deposit form was implemented during the 2015-16 school year. Our review of a sample of deposit forms found that the descriptions were better; however, there were still instances where no description of the accounting for the deposit was recorded. The Central Treasurer indicated that she would work on obtaining better deposit descriptions in the 2016-17 school year.

#### **District Response to High School Extraclassroom Activities Matters**

**The District plans to review HS Extraclassroom Activities Fund (ECAAF) activities accounted for in the ECAF which have financial activity but no student activity, such as Band, Chorus and Caps & Gowns, to determine whether they should be more appropriately accounted for in the Expendable Trust (TE) fund of the District based on the nature of the activity. Any such identified funds will be reviewed with the Board of Education prior to transferring to the TE fund.**

**The District will instruct the Central Treasurer to ensure that more detailed deposit descriptions are documented in the deposit forms.**

## **PURCHASING--INVOICES EXCEEDING THE PURCHASE ORDER**

### **Findings/Recommendations**

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 2016**

This has not been implemented. However, during the year, there were a few instances where a PO from the Facilities Department needed to be increased. The Secretary to the Facilities Director obtained an approval from the Purchasing Agent prior to the PO being increased. The District is currently reviewing the purchasing policy and this issue will be addressed in the revised policy.

### **District Response**

**The Accounts Payable Clerk has been instructed to obtain approval from the Purchasing Agent when a PO is increased by \$250 over the original amount. This guideline will be incorporated in the revised purchasing policy currently under review by the Board of Education.**

## **INFORMATION TECHNOLOGY-ACCESS CHANGES**

### **Finding/Recommendation**

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 – April 2016**

We understand that a formal procedure has been developed and is in the process of being implemented.

### **District Response**

**The Business Office has worked with Technology to implement a procedure addressing timely notification of system access changes necessitated by employees and students entering and leaving the District. This procedure was implemented in June 2016.**

## **CAPITAL ASSETS**

### **Findings/Recommendations:**

#### **Written Procedures**

Develop written procedures for the roles and responsibilities related to capital assets that address the following:

- Procedures for tagging new equipment purchases and accurately recording them in the inventory listing including the tag number and serial number of all assets.
- Procedures for when items should be tagged (i.e. procedures for items that may not be convenient or accessible to tag)
- Process for notifying the individual responsible for the location of the assets, including any moves, disposals, etc.
- Procedures for updating the information from each school in the capital assets listing, including the review process of the information, how often the information should be updated, and ensuring that all information is reviewed.

### **Risk Assessment Update – April 2016**

To be addressed by the end of the fiscal year in procedure memo. The procedures will be discussed with each building, so that they are aware of their responsibilities.

### **Physical Inventories**

The District should develop a system of regular physical inventories for a portion of the District's assets so that the perpetual records can be verified. Differences between the physical inventory and the inventory records should be investigated to identify discrepancies and to determine if the processes and procedures related to inventory control have been operating as designed.

#### **Risk Assessment Update – April 2016**

To be addressed by the end of the fiscal year in procedure memo. The procedures will be discussed with each building, so that they are aware of their responsibilities. We note that the IT department has a procedure in place to perform an annual inventory over the summer of all IT equipment at each building. This updated information is sent to the Business office to update the master inventory records. The Business Office will review these reports to understand if the systems to record and update equipment inventory are functioning as designed.

### **Board Policy**

The District policy requirement of an annual physical inventory should be reviewed. Consideration should be given to an annual inventory of a portion of the inventory, with a complete inventory done at some designated number of years.

#### **Risk Assessment Update – April 2015**

The policy requiring annual physical inventories continues to be reviewed. Under consideration is requiring a full physical inventory every three to five years instead of annually.

### **District Response to Capital Assets Matters**

**The District implemented the fixed asset procedures in June 2016.**

**The District has not implemented physical asset inventories due to staffing limitations. However, the District's insurance company performs a full physical inventory once every five years. The Board policy matter has been brought to the attention of the Board of Education for modification.**