



PELHAM UNION FREE SCHOOL DISTRICT

**Corrective Action Plan
Related to
Risk Assessment Update Report
April 30, 2018**

Current Year Observations and Recommendations

Middle School Extraclassroom Activity Fund

Findings/Recommendations

Confirmation of Balances

During the past year, the Middle School Central Treasurer stopped the formal process of confirming balances with the student advisors at year end. This is an important process to help the Central Treasurer ensure that each club has the proper balance allocated to it.

We recommend the Central Treasurer formally confirm and reconcile year end balances with each of the individual clubs.

District Response

The District will convey the audit findings to the MS Central Treasurer and MS Principal and strongly encourage that the audit recommendation is adopted.

Status of Prior Year Observations and Recommendations-Open Items

Middle School Extraclassroom Activities

Findings/Recommendations

Timeliness of Middle School Extraclassroom Deposits

During our review in 2016, 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 20th and 21st; however, the deposit was not made until March 4th. There was a note on the Deposit Form indicating that the faculty advisor contacted the Central Treasurer on February 24th to make the deposit; however, the student treasurer was unavailable to count the money that day.

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

Risk Assessment Update April 2017

This had not been implemented. In our review of deposits, we noted several deposits not made on a timely basis.

Risk Assessment Update April 2018

This has not been implemented. In our review of deposits, we noted several deposits not made on a timely basis. We have been informed that the Central Treasurer was experiencing difficulty in coordinating with the Student Treasurer to count the funds on a timely basis. The Central Treasurer will consider having another student officer count the money with them when the Student Treasurer is unavailable.

District Response

The District will convey the audit findings to the MS Central Treasurer and MS Principal and strongly encourage that measures are taken to comply with the audit recommendation.

PURCHASING
(From AUP Report dated January 10, 2013)

Findings/Recommendations

Invoices Exceeding the Purchase Order

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 be in place to communicate the increase with the requisitioner and departmental approver.

Risk Assessment Update – April 2013

This had been partially implemented. A form had been implemented at the start of the school year, which required the department head to document the reason when the invoice date was prior to the PO date. This completed form was returned to the AP Clerk and a copy was sent to the Assistant Superintendent for Business. The form was completed by the AP Clerk and sent to the department head if the invoice amount exceeded the PO amount. No formal procedure had been documented as to what amount of increase to a PO warranted the Purchasing Agent's review and approval. This issue should be documented in the purchasing regulations.

Risk Assessment Update – April 2014

There had been no change in the procedure.

Risk Assessment Update – April 2015

No formal procedure had been documented for an amount of increase to a PO that warrants the Purchasing Agent's review and approval. The practice had been for the AP Clerk to increase POs for small amounts usually related to shipping charges. We were informed that there had not been any situation in which an existing PO was increased by a significant amount that would have warranted attention and review by the Purchasing Agent. We continued to recommend that a written regulation be developed related to processing payments in excess of the PO.

Risk Assessment Update - April 2016

This had 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 was reviewing the purchasing policy and this issue would be addressed in the revised policy.

Risk Assessment Update – April 2017

This item is being addressed in the purchasing regulations, currently in draft form. The preliminary purchasing regulations require the Purchasing Agent to review all increases of \$250 over the original underlying purchase order amount.

Risk Assessment Update – April 2018

The district has not yet issued the final purchasing regulations.

District Response

This guideline will be formally incorporated in the purchasing regulations currently under review. The business office staff brings any significant overages to the attention of the purchasing agent. Currently, approval for such overage is formally documented, either by notation on the purchase order or by memorandum.

FACILITIES
(from the AUP report related to facilities dated December 14, 2015)

We recommended the District consider implementing the following items to strengthen the internal controls over the financial operations of the Facilities Department:

Purchasing Policy Update

We recommended that the District consider updating the purchasing policy to include the following:

- Develop formal written policies and procedures governing the procurement of goods and services when competitive bidding is not required.
- Develop procedures for threshold amounts required for Board approval for contracts for professional services. Also, procedures should be considered to ensure that all required documents related to the contracts (i.e., insurance documents) are maintained in one place.
- Determine if language should be added to the purchasing policy regarding the threshold amount when a separate District bid needs to be prepared for a Facilities project; instead of using existing District time and material bids or Ed-Data bids.

Risk Assessment Update – April 2017

We have been informed that the District developed draft procurement regulations:

- There is wording in the draft procurement regulations to provide guidelines for procurement of goods and services when competitive bidding is not required. The procedures are being reviewed to determine the appropriate threshold amounts for obtaining quotes when the District makes purchases outside a state contract or an approved bid.
- There is wording in the draft procurement guidelines to address contracts for professional services. The draft regulations authorize the Purchasing Agent to enter into contracts for professional services up to and including \$600. Any contracts for professional services exceeding \$600 must be approved by the Board of Education. All documents related to the contracts are maintained in the originating department.
- Threshold amounts for when a separate District bid needs to be prepared for a Facilities project have not been addressed in the draft procedures.

Risk Assessment Update – April 2018

There is a new Facilities Director who is carefully monitoring the procedures related to purchasing. However, as noted above, the District has not issued detailed regulations related to purchasing activities.

Bid Process

We recommended the following to improve the bid process:

- A list of bids received would be documented for each bid opening and placed in each bid file.
- If a bid had labor and material mark-up components, a Bid Tabulation Form would be created and completed for each bid to ensure that the lowest bidder was selected. This Form would be reviewed and approved by the Assistant Superintendent for Business.
- For any bids that were renewed each year, an Excel spreadsheet would be prepared with the new rates for each vendor. This spreadsheet would be provided to the Claims Auditor to facilitate the review of invoices.
- The District would develop procedures documenting a threshold amount for the review of material invoices. The District would also consider updating bid language for items not originally included in the specific bids, including requirements for when material needs to be purchased, and a mark-up or mark-down percentage would be included in the bid specifications. Additionally, language would be added to the District bids to require vendors to provide third party invoices, where applicable, to be able to substantiate mark-up or mark-down percentages.

Risk Assessment Update – April 2017

We have noted the following update to the bid process:

- We note that there is no bid checklist prepared and attached in the bid file (i.e., listing of all bids sent out and received along with the date and time received, advertisement from



- newspaper for bid, bid tabulation form, etc.). The bid checklist should be reviewed by the Assistant Superintendent for Business, prior to the bid being Board approved.
- We note that a Bid Tabulation Form was created and is used for all bids that have a labor and material mark-up component to ensure that the lowest bidder is selected.
- The Secretary to the Facilities Director maintains an Excel spreadsheet for all bids that are renewed with the new rates for each vendor. A copy of the new rates is placed in each bid file and attached to the invoice.
- Language has been added to the District bids that, when requested, the vendors are required to provide third party invoices to substantiate supply and material costs subject to mark-up or mark-down percentages. The Facilities Department practice is to use a threshold amount of \$5,000 to review material charges. This is not included in the draft procurement regulations.

Risk Assessment Update April 2018

The new Director of Facilities will help ensure that bid checklists are prepared and filed with each bid package.

District Response

- **Purchasing Policy:** These recommendations will be formally incorporated in the purchasing regulations currently under review.
- **Bid Process:** The Facilities Department will be instructed to ensure that a properly completed bid checklist is maintained for all bids and that the Assistant Superintendent for Business reviews the completed checklist.

CAPITAL ASSETS

(from the AUP report related to capital assets dated November 18, 2014)

Findings/Recommendations:

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 – April 2017

The policy requiring annual physical inventories still needed to be reviewed.

Risk Assessment Update April 2018

The District has not yet addressed this issue. Policy #5620 *Inventories and Recording of Fixed Assets* requires inventories be done on an annual basis. The District is not in compliance with the current policy and should either change the policy or take measures to comply.

District Response

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. District administration will bring this matter to the Board of Education's attention.

INFORMATION TECHNOLOGY (IT)

(From the AUP report related to IT dated March 24, 2017)

Timely Notification of Separations

We recommended that the District develop a system to notify the IT Department when a staff member or a student separates from the District to ensure that all individuals who no longer need access to the District's network have been removed or disabled.

Risk Assessment Update April 2018

The District has a new Director of IT. They are aware of this issue and are considering options to automate this process.

District Response

The Business Office is working with the Director of Technology to establish a process to address this finding.

Administration of Acceptable Use Policy

We recommended the District review the possibility of implementing an electronic staff and student acceptable use policy. Prior to any staff or student being able to use any District system, they would have to electronically accept the policy. These procedures would require updates to certain Board policies.

Risk Assessment Update April 2018

Similar to the item above, the Director of IT is considering alternatives regarding how best to effectively and efficiently ensure all users of the network are aware of the acceptable uses of the network.

District Response

The Technology Department is actively investigating use of an electronic staff and student acceptable use policy. Any needed changes to Board policies will be proposed to the Board.

Review Infinite Campus User List

We recommended the District review a listing of users for Infinite Campus and compare it to an employee list to ensure that access for employees who are no longer with the District have been deactivated and removed from user groups. The IT Department should also review all user groups to ensure that the proper access has been granted to the employees of the group.

Risk Assessment Update April 2018

The District's new Director of IT is aware of this issue and is considering options to address it.

District Response

The Technology Department will be instructed to periodically review users in Infinite Campus to ensure that all users and user groups are appropriate.

Review Salary Codes

We recommended the District review salary budget codes on a periodic basis, not less than annually, to ensure that employees are charged to the correct budget codes.

Risk Assessment Update April 2018

The Business Office staff intends to do this next autumn as the school year begins.

District Response

The Business Office reconciles budgeted and actual salaries each October to ensure that actual salaries are being charged as budgeted. The district reviewed budget code assignments as part of the Agreed-Upon Procedures work recently completed and will make this task an annual practice each Fall. In an effort to comply with upcoming ESSA and NYS requirements to report spending by building, this procedure will be critical to help ensure that the district is able to accurately report the required data.