

# Glen Cove City School District

## *Recommendations from the Risk Assessment Update Report dated April 6, 2018*

### **RECOMMENDATIONS (OPEN ITEMS)**

#### **Revenue and Cash Management**

##### Finding and Recommendation – Risk Assessment Update 2017

**Deputy Treasurer** – We found that the District has filled the district treasurer position with a new employee, as noted in the key changes section above. However, we note that the District does not have a deputy treasurer, which would be beneficial when the District Treasurer is unavailable to perform their treasurer related tasks.

1. We recommend that the District consider appointing a Deputy Treasurer to assist with the duties related to the treasurer role during the absence of the District Treasurer.

#### **CORRECTIVE ACTION:**

The District will consider appointing a Deputy Treasurer to perform the role of the Treasurer in the absence of the Treasurer.

##### Recommendation – Agreed-Upon Procedures 2016 (December)

**Accounts Receivable Module - Health Insurance** – We recommended that the District develop procedures to ensure that all health insurance billings were entered into the Accounts Receivable (AR) module, to print the monthly invoices and to mail the invoices to the enrollees. We suggested assigning the task of entering records into the AR module to the Benefits Clerk and enhancing operational efficiencies by eliminating the duplicate efforts of maintaining a separate Excel spreadsheet. In addition, we recommended that the District complete the review of the health insurance billings to ensure the completeness of the data in the AR module, which would improve the handling of health insurance accounts related to overdue balances.

##### Risk Assessment Update – 2018

2. We understand that the District plans to set up the AR module in the new version of the Finance Manager system (nVision) and will assign the AR duties to designated employees.

#### **CORRECTIVE ACTION:**

The District will begin billing all health insurance charges using the AR module as of January 1, 2019. This will help insure all health insurance bills are paid in a timely manner.

##### Recommendation – Agreed-Upon Procedures 2016 (December)

**Funds Submitted by the School Programs** – We recommended that the District establish procedures to ensure the completeness of receipts submitted by the schools to the Business Office by requiring the programs (adult education, driver's education, Advanced Placement Exams, NYSSMA, field trips, etc.) to include the list of students to support the amount of funds. In the absence of a list, there was a risk that money was not collected from all students or there were students who had not paid for the activity.

##### Risk Assessment Update – 2018

3. We understand that the District plans to establish procedures requiring the schools to submit a list of students in each of the programs to support the amount of funds submitted to the Business Office and

*the Accounts Receivable Clerk will verify that all students in the respective programs have paid their fees.*

**CORRECTIVE ACTION:**

The Assistant Superintendent for Business will establish procedures that require each school building to submit a list of students to support the funds collected and submitted to the Business Office for deposit. The building will be responsible to keep track of the students that have not paid and make sure all payments are received.

**Recommendation – Agreed-Upon Procedures 2016 (December)**

**Accounts Receivable Module – Use of Facilities** – We recommended that the District develop procedures to use the AR module to enter and create invoices related to the use of facilities to improve the monitoring and accounting of these activities. This would also strengthen the collection process by providing an AR Aging Report to identify any outstanding balances and centralize the invoicing process. We suggested that the Facilities Department send the approval and billing memo to the Business Office to prepare the invoice in the AR module and mail the invoice to the requestor. We also recommended that the District establish procedures to reconcile the fiscal year billings to the actual use of facilities events and formally document this process. We suggested printing out a usage report from the Facilities Direct module and agreeing the rental information to the report from the AR module to ensure completeness. In addition, we recommended that the District include the name of the organization along with the school building (e.g., high school, middle school, etc.) in the explanation field to facilitate a review and reconciliation of the FM Detail Account Transactions Report for revenue account A2410 – Rental of Real Property to the use of facilities activity.

**Risk Assessment Update – 2018**

4. *We understand that the District plans to set up the AR module in the new version of the Finance Manager system (nVision). The Assistant Superintendent for Business will provide training for the Facilities Department Secretary and assign this employee the task of creating invoices in the AR module related to facilities usage.*

**CORRECTIVE ACTION:**

This recommendation has been addressed. The Facilities Department secretary will begin to use the AR module for facilities use invoices in the 2018-19 school year.

**Recommendation – Agreed-Upon Procedures 2016 (December)**

**AR Aging Report** – We recommended that the District establish procedures to review the AR Aging Report monthly and resolve the outstanding AR balances in a timely manner, including the accounts with other school districts over a year past due.

**Risk Assessment Update – 2018**

5. *We understand that the District Treasurer plans to develop procedures to review the AR Aging Report and resolve the outstanding AR balances in a timely manner. We provided information to the District related to unclaimed funds to assist with the implementation of this recommendation.*

**CORRECTIVE ACTION:**

The Treasurer is working on setting up procedures to resolve the issue of outstanding balances.

**Human Resources**

**Recommendation – Risk Assessment Update 2014**

**Salary Letters** – We recommended that the District consider generating salary letters on an annual basis, which lists the employee’s annual salary for the year along with the respective step, as well as level for teachers.

Risk Assessment Update – 2015+2016

We understood that the District planned to implement this recommendation for the 2016-17 year.

Risk Assessment Update – 2017

We noted that the Human Resources Department developed procedures to provide salary letters to new employees during the hiring process and these letters were signed by the employee then filed in their respective folder. We again recommended that the District consider generating salary letters on an annual basis.

Risk Assessment Update – 2018

6. *We understand that the District plans to consider this item for the 2018-19 year.*

**CORRECTIVE ACTION:**

The Assistant Superintendent for Business will work with the Human Resource secretary to provide annual salary letters for all employees.

Recommendation – Risk Assessment Update 2014

**Employee Contracts or Agreements** – We recommended that the District ensure that there are Board-approved contracts or agreements with all of the employees to clearly outline the entitlements of each person that includes the annual salary and benefits (earned time off [sick, vacation, personal and bereavement days], health insurance, other insurances [life, dental, etc.]). We also recommended that the District formally document the job responsibilities of the two Board-appointed positions (i.e., District Treasurer and District Clerk).

Risk Assessment Update – 2015-2017

We noted that a job responsibility document was developed for the District Treasurer; however, this was not completed for all Board-appointed positions as recommended.

Risk Assessment Update – 2018

7. *We understand that the District plans to address this item for the 2018-19 year.*

**CORRECTIVE ACTION:**

The Assistant Superintendent for Business/Superintendent will work with the Human Resource secretary and the Superintendent to comply with the above recommendations.

**Benefits**

Recommendation – Agreed-Upon Procedures 2016 (December)

**Written, Formal Procedures - Key Processes** – We recommended that the District create written, formal procedures related to key processes performed in the benefits function including reconciling *Employee Change Forms* to the health insurance provider invoice, reconciling *Change In Payroll Deduction Forms* to the payroll deduction register, recording payments for retirees or employees on unpaid leaves of absence, etc.

Risk Assessment Update – 2018

8. *We understand that the Assistant Superintendent for Business plans to work with the Benefits Clerk to develop written, formal procedures as recommended.*

**CORRECTIVE ACTION:**

The Treasurer will work with the Benefits Clerk to create written formal procedures in relation to reconciling Employee Change Forms to the health invoice and Change in Payroll Deduction to the payroll deduction register.

Recommendation – Agreed-Upon Procedures 2016 (December)

**Assign Duties to the Benefits Clerk** – We recommended that the District develop a plan to assign the following duties to the benefits clerk position, since these responsibilities are normally included within this role:

- a) Prepare the annual recalculation of cost allocation and submit the spreadsheet to the Payroll Supervisor for review.
- b) Calculate and include any changes in payroll deduction amounts due to coverage type changes or when an employee returns from an unpaid leave on the *Monthly Change Form* sent to the Payroll Department. The Payroll Supervisor should then review the calculations prior to entry into FM.
- c) Perform monthly insurance reconciliations of the enrollee listing to the District's records. At least quarterly, this review should be a complete reconciliation of covered employees to payroll deduction registers.
- d) Track and enter billings in the Accounts Receivable module of FM for health insurance contributions for retirees, part-time employees who do not have sufficient wages to cover the cost of health insurance, employees on unpaid leaves of absence, individuals on COBRA, etc.

Risk Assessment Update – 2018

9. *We found that the District is in the process of addressing this recommendation.*

**CORRECTIVE ACTION:**

The Assistant Superintendent for Business will continue to address these recommendations.

Recommendation – Agreed-Upon Procedures 2016 (December)

**Utilize the Benefits Module** – We recommended that the District utilize the Benefits module in FM to record and track all employees and retirees enrolled in the health insurance plans. We recommended developing procedures to reconcile the information on a periodic basis to the payroll deduction register and the health insurance invoice enrollee listing. Reconciling the invoice to the payroll deduction register and billings to retirees and COBRA enrollees would help ensure that coverage was provided to the appropriate individuals, and that the allocation of costs were accurate.

Risk Assessment Update – 2018

10. *We understand that the District plans to set up the Benefits module in the new version of the Finance Manager system (nVision) and utilize the module to manage the enrollees in the health insurance plans.*

**CORRECTIVE ACTION:**

The Assistant Superintendent for Business will address this recommendation in the 2018-2019 school year.

Recommendation – Agreed-Upon Procedures 2016 (December)

**Health Insurance Reconciliation** – We recommended that the District establish procedures to reconcile the amount collected by NYBEAS to the amount that the District is billed for retiree health insurance from NYSHIP to ensure that the records agree.

Risk Assessment Update – 2018

11. *We note that the District established procedures to reconcile the NYSHIP invoice to the NYBEAS information. However, this task is performed by the Accounts Payable Clerk and should be assigned to the Benefits Clerk.*

**CORRECTIVE ACTION:**

The Assistant Superintendent for Business will address this recommendation and reassign specific duties if possible.

**Grants and Special Education**

Recommendation – Agreed-Upon Procedures 2016 (March)

**Key Financial Processes – Written, Formal Procedures** – We recommended that the District develop written, formal procedures for key financial processes of the Special Education Department (i.e., review of invoices, preparing contracts/purchase requisitions, budget preparation, grant filings, etc.).

Risk Assessment Update – 2017

We found that the Special Education Department began to develop written, formal procedures. However, these documented procedures needed to be expanded and the Special Education Department needed to develop additional written, formal procedures to document other key financial processes.

Risk Assessment Update – 2018

12. *We understand that the Director of Special Education plans to work with staff to expand and develop additional written, formal procedures related to key financial processes.*

**CORRECTIVE ACTION:**

The Director of Special Education will continue to work with the special education staff to develop additional written, formal procedures to document financial processes.

**Facilities and Capital Projects**

Finding and Recommendation – Risk Assessment Update 2018

**Staff Evaluations** – *We note that the principals are responsible for completing annual performance evaluations of the custodians assigned to their respective schools. However, we have been informed that not all of these are completed each year. In addition, we understand that the Director of Facilities has not been formally evaluated.*

13. *We recommend that the District establish procedures to complete a formal annual performance evaluations of all the Facilities Department staff including the Director of Facilities.*

**CORRECTIVE ACTION:**

The Assistant Superintendent for Business will complete a formal annual performance evaluation on the Director of Facilities. The Director of Facilities will make sure all building Principals complete an annual performance of the custodial staff assigned to their building.

Recommendation – Agreed-Upon Procedures 2016 (March)

**Create Inventory List** – We recommended that the Facilities Department create an inventory list of all items that fall under the District’s threshold dollar amount for tagging, to strengthen controls and improve safeguarding of District property that has a risk of potential theft (e.g., small equipment, tools and materials). We also recommended that the Facilities Department perform periodic physical inventories of all assets (i.e., tagged and non-tagged items) and document the results.

Risk Assessment Update – 2017

We noted that the Facilities Department provided the custodians, maintenance workers and grounds staff with spreadsheets and they were in the process of creating inventory lists. We understood that the Facilities Department planned to establish procedures to perform periodic physical inventories after receiving the spreadsheets.

Risk Assessment Update – 2018

14. *We understand that the Director of Facilities plans to establish procedures to perform periodic physical inventories once the process of creating inventory lists are completed.*

**CORRECTIVE ACTION:**

The Director of Facilities will continue to work with his staff on creating inventory lists so periodic physical inventories can be done.

**Capital Assets**

Recommendation – Risk Assessment Update 2014

**Information Technology (IT) Inventory** – We recommended that the District establish procedures to perform periodic physical inventories of the IT assets. We also recommended that the District require that staff prepare the standard Asset Transfer Form when moving IT assets and submit the form to the IT Department timely.

Risk Assessment Update – 2015+2016

We understood that the Assistant Superintendent for Business would work with the Director of Technical Services to implement this recommendation for the 2016-17 year.

Risk Assessment Update – 2017

We found that the District decided to use a software program (Destiny Resource Manager) to manage the IT inventory more efficiently. The District used the Destiny Library Management module to manage the assets of the libraries. After completing this initiative, the District planned to establish procedures to perform periodic physical inventories of the IT assets and require staff to prepare and submit the standard Asset Transfer Form timely when IT assets were moved.

Risk Assessment Update – 2018

15. *We note that the Assistant Superintendent of Instruction and Technology is working with the IT Department to establish procedures to perform periodic physical inventories of the IT assets. The District is in the process of taking physical inventories of the IT assets on a school by school basis with the goal of completing this initiative by September 2018.*

**CORRECTIVE ACTION:**

The District will be hiring a Director of Technology who will work with the IT staff to meet this requirement.

Recommendation – Risk Assessment Update 2014

**Board Policy - Capital Assets** – We recommended that the District consider revising the Board policy related to capital assets (*Accounting of Fixed Assets - #5621*) with regard to the annual inventory. An effective control over capital assets, as well as furniture and equipment, is a physical inventory. However, instead of performing an annual inventory of all capital assets, the District should consider rewording the Board policy to state that this needs to be done in some of the departments each year.

Risk Assessment Update – 2015-2017

We noted that the District had a complete physical inventory performed by a third party (AssetWORKS) during the fall of 2015 and the AssetMAXX database was updated based on the results of the inventory. We understood that the District planned to revise Board Policy #5621 – *Accounting of Fixed Assets* as recommended and considered increasing the capitalization threshold from \$1,000 to \$5,000. We recommended that the District reword the Board policy to state that a physical inventory needs to be done in some of the departments each year to replace the current language requiring a complete annual inventory. Over a three or four-year period, physical inventories should be performed for all departments. According to the New York State Office of the State Comptroller, as part of an inventory control system, the District should conduct a physical inventory of each department and the results of the inventory should be reconciled with the property records on file.

Risk Assessment Update – 2018

16. *We found that the District has changed to a different third party provider (CBIZ) during the fall of 2017. CBIZ completed a district-wide inventory of all capital assets and the District is in the process of reconciling the results with the asset database. In addition, the District is considering revisions to the Board policy related to capital assets (*Accounting of Fixed Assets - #5621*) with regard to the annual inventory as recommended.*

**CORRECTIVE ACTION:**

The Treasurer will look into and consider revising the current policy #5621 – *Accounting of Fixed Assets* to determine if the District should increase the capitalization threshold from \$1,000 to \$5,000 and also complete annual physical inventories in some departments and not in all departments every year.

**Food Service**

Recommendation – Risk Assessment Update 2016

**School Lunch Program - Financial Results** – We recommended that the District establish a plan to review the school lunch program for opportunities to improve the financial results, with the goal

of being sustainable by increasing revenues and/or reducing expenditures, since we found that the school lunch program operated at a deficit of \$141,894 for the year ended June 30, 2015. Further review noted that the deficit had significantly reduced the fund balance in the school lunch fund from \$454,390 to \$312,496 at June 30, 2015, which is slightly more than 31%.

#### Risk Assessment Update – 2017

We noted that the District raised the prices of meals, which helped increase revenues, and there was a reduction of expenditures from the prior school year. This resulted in the school lunch program with less of a deficit of \$42,187 for the year ended June 30, 2016.

#### Risk Assessment Update – 2018

- 17. We note that the District raised prices again for the 2017-18 school year, and the Director of Food Service will continue to monitor the prices of meals. For the year ended June 30, 2017, the deficit was \$71,506 and the total school lunch fund's fund balance was reduced to \$296,488. We recommend that the District consider budgeting a transfer from the general fund to the school lunch fund as part of the annual budget process.*

#### **CORRECTIVE ACTION:**

The Assistant Superintendent for Business will consider budgeting a transfer from the general fund to the school lunch fund in the 2019-2020 budget depending on the outcome of the 2017-2018 year end results in the school lunch fund.

#### **Extraclassroom Activity Funds**

##### Recommendation – Risk Assessment Update 2014

**Middle School (MS) Extraclassroom Clubs** – We recommended that the District establish procedures to ensure that all extraclassroom activity clubs at the MS have student officers participating in all of the club activities, including deposits and disbursements. We also recommended that all clubs have a club charter detailing the purpose of the club and the student officers for the club. Further, we recommended that the Faculty Advisor along with the student officers collect the funds for yearbooks and send the deposits to the Central Treasurer for deposit. Alternatively, the District should look into using an online system to collect money for yearbook sales.

#### Risk Assessment Update – 2015-2017

We noted that the District still needed to address the field trip accounts in the MS. These were not bona-fide clubs, since there were no student officers. In addition, we noted that there were interest accounts at both the MS and High School (HS) with year end balances at June 30, 2015, and these balances are normally allocated to each club or a student government club.

#### Risk Assessment Update – 2018

- 18. We found that the central treasurers at the MS and HS have addressed the interest accounts and allocated these funds to the student government clubs. We again recommend that the District address the field trip accounts in the MS because these were not bona-fide clubs, since there were no student officers.*

#### **CORRECTIVE ACTION:**

The District Treasurer will work with the MS Central Treasurer in addressing the field trip accounts. These accounts are kept by grade level and individual students. The MS Central Treasurer would still need to keep track of the field trip accounts but have the monies collected deposited into a field trip account in the General Fund (similar to how we handle the 4 elementary building field trip accounts).



There are some concerns as to timing of when checks need to be cut which will need to be addressed once a procedure is set up.

## **Cash Receipts**

### **Recommendation – Risk Assessment Update 2014**

**HS School Store** – We recommended that the HS School Store strengthen procedures by providing proper support related to the receipts submitted to the Central Treasurer and implementing inventory controls. We also recommended that the HS School Store submit and support the vending machine sales as part of the deposits submitted to the Central Treasurer.

### **Risk Assessment Update – 2015-2016**

We understood that the HS was in the process of revising the School Store Receipt Form and recommended that the School Store implement our recommendations to strengthen the receipts and inventory procedures.

### **Risk Assessment Update – 2017**

We noted that the HS School Store was using the revised School Store Receipt Form, but the club still needed to strengthen the receipts and inventory procedures. Since we were informed that the School Store sales consists mainly of numerous low-priced items, preparing lists of products sold and maintaining inventory would be manually intensive. We recommended using funds from the HS School Store account to purchase a point-of-sale system using bar code technology to strengthen the sales, receipts and inventory procedures. We note that there are available funds in the HS School Store club to afford this purchase (balance of \$8,109 at June 30, 2016).

### **Risk Assessment Update – 2018**

- 19.** *We found that the District is in the process of obtaining pricing for point-of-sale systems and cash registers and plans to make a decision for the 2018-19 school year.*

### **CORRECTIVE ACTION:**

The District Treasure will follow up with the Central Treasurer in the High School in reference to purchasing a POS system for the school store.

## **Information Technology**

### **Recommendation – Risk Assessment Update 2014**

**Disaster Recovery, Backup Procedures and IT Maintenance** – We recommended that the District improve the disaster recovery and maintenance of IT equipment as follows:

- a) Develop a formal disaster recovery plan and/or contingency plan and subsequently establish procedures to periodically test the plan to ensure its effectiveness.
- b) Create climate controlled environments for the server/network rooms.
- c) Consider setting up a generator at the HS to adequately protect and maintain IT equipment during power outages.

### **Risk Assessment Update – 2015-2016**

We noted that the District contracted with Nassau BOCES for a service to provide additional bandwidth and improved the backup procedures as prerequisites for developing a formal disaster

recovery plan. We understood that the District planned to address the recommended improvements during the 2016-17 year.

#### Risk Assessment Update – 2017

We found that the District improved the backup procedures by utilizing Barracuda, as noted previously, and there was functionality that would provide a minor source of disaster recovery until a formal plan was developed. We understood that the climate controlled environment and the generator were part of the Smart Schools Bond Act with the goal of implementation during the 2017-18 year.

#### Risk Assessment Update – 2018

20. *We note that the Assistant Superintendent for Instruction and Technology is working with the IT Department to develop a formal disaster recovery plan for the District.*

#### **CORRECTIVE ACTION:**

The new Director of Technology will work with the Assistant Superintendent for Instruction and Technology on developing a formal disaster recovery plan for the District.

#### **Student Related Data and Services**

#### Recommendation – Risk Assessment Update 2016

**Bus Mileage** – We recommended that the District work with the bus company (Hendrickson) to provide appropriate supporting documentation for mileage and gas usage including the miles per gallon calculation used by Hendrickson, since the contract requires the District to pay for fuel. We recommended that the District require that the miles per gallon calculation be detailed on the vendor’s invoice. Additionally, we recommended that the District develop procedures to review the miles per gallon calculation used by Hendrickson.

#### Risk Assessment Update – 2017

We noted that Hendrickson had been providing monthly calculations with their invoices; however, the documentation related to mileage was not adequate to support the mileage and gas usage. We recommended that the District require that Hendrickson provide appropriate documentation to support the miles per gallon calculation and include this information on its monthly invoice. We also recommended that the District develop procedures to review the miles per gallon calculation used by Hendrickson.

#### Risk Assessment Update – 2018

21. *We found that the District Treasurer has been assigned the responsibility of addressing this recommendation.*

#### **CORRECTIVE ACTION:**

The District Treasurer will work with the internal auditors in the fall as transportation is one of the agreed upon areas that they will be auditing.

#### Recommendation – Risk Assessment Update 2014

**Gas Purchase Documentation** – We recommended that the District request the documentation related to gas purchases for the last two years to determine whether the amounts billed were appropriate and also require the provider to support the monthly invoice with an appropriate amount of detailed back-up documentation.

### Risk Assessment Update – 2015

We understood that the District was in the final stages of calculating fuel requirements for the 2013-14 and 2014-15 school years and would reconcile the amounts with the supplier before the end of the fiscal year.

### Risk Assessment Update – 2016

We noted that the District had finalized its reconciliation of the transportation fuel costs for the 2013-14 and 2014-15 school years. The bus company (Hendrickson) was to provide a refund to the District for the agreed-upon amounts. In addition, the District required Hendrickson to submit monthly detailed invoices including fuel and mileage logs. However, our review of the spreadsheet from Hendrickson related to fuel and mileage, found that this documentation was still not adequate.

### Risk Assessment Update – 2017

We noted that the District continued to receive the spreadsheet from Hendrickson; however, this documentation was still not adequate. We understood that the District planned to address this matter further.

### Risk Assessment Update – 2018

- 22.** *We found that the District Treasurer has been assigned the responsibility of addressing this recommendation.*

#### **CORRECTIVE ACTION:**

The District Treasurer will work with the internal auditors in the fall as transportation is one of the agreed upon areas that they will be auditing.