

Glen Cove City School District

CURRENT OBSERVATIONS AND RECOMMENDATIONS

GOVERNANCE AND PLANNING

Recommendation – Risk Assessment Update 2014

Multi-year Financial Plan – We recommended that the District consider developing a multi-year financial plan to provide insight into the medium-term financial condition of the District.

Risk Assessment Update – March 2015

We understood that the District planned to develop a multi-year plan after the June 2015 audited financial statements were received. This would allow for a clean starting point, and combined with the 2015-16 budget would provide the basis for an accurate plan.

Risk Assessment Update – March 2016

1. *We understand that the District plans to implement this item during the 2016-17 year.*

CORRECTIVE ACTION:

The Assistant Superintendent for Business will develop a multi-year financial plan after of the close of the 2015-2016 school year and maintain and revise the plan moving forward.

REVENUE AND CASH MANAGEMENT

Billings, Collections and Posting of Receipts

Finding and Recommendation – Risk Assessment Update 2016

Segregation of Duties – *We found that there is a lack of segregation of duties in the Accounts Receivable Department. The Principal Account Clerk has the conflicting tasks of processing invoices and posting the receipts to the respective accounts receivable balances including the posting of credit memos.*

2. *We recommend that the District establish procedures to properly segregate duties related to accounts receivable activities by assigning the responsibility of posting credits to the accounts receivable balances to someone independent of processing the invoices.*

CORRECTIVE ACTION:

The responsibility of processing invoices will be reassigned to the benefits clerk since most of the invoices that are processed are for the collection of health insurance payments from the retirees of the district.

Finding and Recommendation – Risk Assessment Update 2016

Receipts – Athletics – *We note that the District collects money from the parents of student athletes in the event that they fail to return their team uniform or equipment, which is District property. The Department of Athletics, Physical Education and Health handles these activities by using a standard memo that requests a check payable to the Glen Cove City School District be remitted to the Department of Athletics, Physical Education and Health. We were informed that the checks received are submitted to the Business Office for deposit. However, we found that the Department of Athletics, Physical Education and Health only maintains these forms in a folder instead of these transactions*

being handled centrally in the Business Office. In addition, these transactions are not being properly tracked as an accounts receivable item.

- 3. We recommend that the District implement procedures to prepare all bills/invoices in the Business Office to establish a centralized billing area and facilitate the invoicing, billing and collections processes. In addition, we recommend that the Business Office consider utilizing the financial system to effectively manage these accounts receivable activities.*

CORRECTIVE ACTION:

The Assistant Superintendent for Business has spoken with the Athletic Department Secretary and starting in the 2016-2017 school year she will notify the Assistant Superintendent for Business when an invoice needs to be sent to a student that did not return their uniform or equipment. The business office will then use the AR system to invoice and track the payment from the student.

HUMAN RESOURCES

Employee Administration and Separations/Terminations

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 – March 2015

We noted that this item still needed to be implemented.

Risk Assessment Update – March 2016

- 4. We understand that the District plans to generate salary letters for the 2016-17 year.*

CORRECTION ACTION:

Since the District will not be filling the Director of Human Resources position in the 2016-2017 school year, the Assistant Superintendent for Business will try to work with the Human Resource secretary to generate annual salary letters.

Recommendation – Risk Assessment Update 2014

Benefits Agreements – We recommended that the District ensure that there are Board-approved agreements or contracts 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 – March 2015

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 – March 2016

5. *We found that the District is currently in the process of addressing this procedure and plans to complete the implementation prior to the 2016-17 year.*

CORRECTIVE ACTION:

The interim Assistant Superintendent for Personnel has been updating the agreements for all unaligned employees to include the recommendations of the internal auditors

PURCHASING AND RELATED EXPENDITURES

Purchasing System and Process

Recommendation – Agreed-Upon Procedures 2015

Claims Auditor – We recommended that the District improve the claims auditing process by revising the Claims Auditor Report submitted to the Board to provide more details including instances of confirming POs, late payments, warrants withheld, sequential numbers of the checks and any other key item that should be noted.

Risk Assessment Update – March 2016

6. *We found that the Claims Auditor Report has been revised, but review of a sample of reports found that there were no exceptions noted as a result of their reviews. We recommend that the Claims Auditor thoroughly review all warrants and include instances of confirming POs, late payments, voucher packages withheld, any interruption in check numbers, and other key items that should be noted in the Claims Auditor Report.*

CORRECTIVE ACTION:

The Assistant Superintendent for Business and the Audit Committee will meet with the Claims Auditor to review the process and forms that the Claims Auditor uses and come up with a more detail report for the Board.

CAPITAL ASSETS

Maintenance and Inventories

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. In addition, we 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 –March 2015

We noted that the District still needed to implement this recommendation.

Risk Assessment Update –March 2016

7. *We understand that the Assistant Superintendent for Business will work with the Director of Technical Services to implement this recommendation for the 2016-17 year.*

CORRECTIVE ACTION:

The Assistant Superintendent for Business will work with the Director of Technical Services to implement a form to be used to keep track of the district's IT equipment.

Recommendation – Risk Assessment Update 2014

Capital Assets – We recommended that the District consider revising the Board policy related to capital assets (Accounting of Fixed Assets - #5621) with regards 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 – March 2015

We found that the Board policy still needed to be revised and a physical inventory was planned for 2015-16.

Risk Assessment Update – March 2016

8. *We found that the District had a complete physical inventory performed by a third party (AssetWORKS) during the fall of 2015. The Assetmaxx database was updated based on the results of the inventory, which identified older items. We understand that the District plans to revise Board Policy #5621 – Accounting of Fixed Assets as recommended and may also consider increasing the capitalization threshold from \$1,000 to \$5,000. Again, the District should consider rewording 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 Financial Management Guide for Local Governments, as part of any capital asset inventory control system, the District should see to it that a physical inventory is conducted of each department and the results of the inventory should be reconciled with the property records on file. Moving forward, each building will be given a list of its assets and asked to confirm possession of assets and indicate where items are located.*

CORRECTIVE ACTION:

The Policy Committee is working on revising Policy #5621 as per the recommendations of the internal auditors.

Recommendation – Risk Assessment Update 2014

Tracking and Managing Textbooks – We recommended that the District establish procedures to track and manage the textbooks for students attending parochial or private schools more efficiently. We suggested using iPads and bar code scanners to track the textbooks and consider setting up an online process for parents to enter their book requests.

Risk Assessment Update – March 2015

We noted that this item still needed to be implemented.

Risk Assessment Update – March 2016

9. *We understand that the District plans to implement this recommendation for the 2016-17 year.*

CORRECTIVE ACTION:

The Assistant Superintendent for Business will work with the clerk in charge of textbooks to streamline the process. We are looking into having more private schools use the BOCES textbook service that some of the private schools have been using. According to SED, the District needs to provide private and parochial schools with textbooks. These schools should not dictate to the District how this process is accomplished.

FOOD SERVICES

Sales Cycle and System

Finding and Recommendation – Risk Assessment Update 2016

Negative Balances – We note that the District needs to address students with negative balances, since the overall negative balance was \$13,421 at June 30, 2015 and this increased to \$18,275 at March 8, 2016. In addition, we also found that the negative balance was higher than the positive balance by \$8,682 at June 30, 2015 and by \$8,574 at March 8, 2016.

10. We recommend that the District develop a plan to address the issue related to students with negative balances and establish procedures to control the students' school lunch balances. We found that the District has established a Board policy related to charging meals and a copy of this policy accompanies the "negative balance" letter that is periodically provided to the parents/guardians. We suggest that the District consider sending automated phone calls weekly to the parents/guardians when the students' balance is near zero or negative.

CORRECTIVE ACTION:

Since the District recently adopted the Meal Charge Policy and started sending a copy of the policy out with the letter for students who had a negative balance for meal charges, the District will continue sending these reminder letters and if necessary in the future will consider sending out a phone call to parents/guardians to make them aware of the negative balance.

Finding and Recommendation – Risk Assessment Update 2016

School Lunch Program – Financial Results – 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 this deficit 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%.

11. We recommend 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.

CORRECTIVE ACTION:

The Director of the School Lunch program has raised the cost of lunch (.05) for the 2016-2017 school year. She is looking into other ways to increase sales to help generate addition revenue.

EXTRACLASSROOM ACTIVITY FUNDS

General Controls and Administration

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 – March 2015

We found that the District still needed to implement this recommendation. There were some activities accounted for in the extraclassroom accounts (field trips) that did not lend themselves to student involvement.

Risk Assessment Update – March 2016

- 12. We note that the District still needs to address the field trip accounts in the MS since these are not bona fide clubs, since there are no student officers. In addition, we noted that there are 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.*

CORRECTIVE ACTION:

The Principal Account Clerk will continue to work with the Middle School Extraclassroom Treasurer to address these issues and implement procedures to satisfy the internal auditors recommendations.

Cash Receipts

Recommendation – Risk Assessment Update 2014

Controls Related to Receipts – We recommended that the District strengthen controls related to receipts, particularly cash, at the club level since the collection of funds has a high level of inherent risk, to ensure completeness and timeliness of the funds submitted to the Central Treasurer. In order to facilitate the pre-audit and recording of receipts, statements should be made by those collecting money. Such a statement should, on its face, include all of the essential data for a complete check and audit of the receipts. We recommended that the forms used to account for transactions be revised to provide an expanded comment or description section. The club advisor could then fully explain the transaction and completely account for the items by documenting the purchase information and utilize pre-numbered receipts or tickets (i.e., number of items purchased, number of items sold and number of left over items).

Risk Assessment Update – March 2015

We understood that this was a work in process. We again recommended improving the receipts process, since it is important that all deposits have supporting documentation related to the amounts deposited.

Risk Assessment Update – March 2016

- 13. We found that the MS has improved controls related to receipts by creating new forms as noted above. We recommend that the District require the HS to strengthen controls over its deposits by creating and utilizing a Profit and Loss Statement and an Inventory Control/Admissions Deposit Form, similar to the MS.*

CORRECTIVE ACTION:

The Principal Account clerk will continue to work with the MS Extraclassroom Treasurer to rectify these issues.

Recommendation – Risk Assessment Update 2014

HS School Store – We recommended that the HS School Store prepare a quarterly profit and loss statement and send it to the Central Treasurer for review. We also recommended that the HS School Store submit all receipts, in addition to the vending machine sales, to the Central Treasurer and support these funds with the profit and loss statement.

Risk Assessment Update – March 2015

Risk Assessment Update – March 2016

14. *We understand that the HS is in the process of revising the School Store Receipt Form and we recommend that the School Store use a profit and loss statement as noted in the previous recommendation.*

CORRECTIVE ACTION:

The High School Extraclassroom Treasure has prepared a profit and loss statement that the HS school store will begin to use in the 2016-2017 school year.

INFORMATION TECHNOLOGY

Network Security

Recommendation – Risk Assessment Update 2014

Employee Separation Process – We recommended that the District improve the employee separation process by establishing formal procedures where the Personnel Department provides timely communications to the IT Department and the database administrators to inactivate the separated employees' user accounts and system accesses.

Risk Assessment Update – March 2015

We found that the District still needed to implement this item.

Risk Assessment Update – March 2016

15. *We understand that the District plans to implement this item for the 2016-17 year.*

CORRECTIVE ACTION:

The Interim Assistant Superintendent for Personnel has prepared a Employee Exit Checklist/Routing Form, to be used immediately district-wide.

Disaster Recovery

Recommendation – Risk Assessment Update 2014

Disaster Recovery, Backup Procedures and IT Maintenance – We recommended that the District improve the disaster recovery, back-up procedures 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) Establish procedures to store back-up files at a remote location offsite, preferably off Long Island, and periodically test these backup files to ensure the data recovery is complete and retrievable as planned.
- c) Create climate controlled environments for the server/network rooms.
- d) Consider setting up a generator at the HS to adequately protect and maintain IT equipment during power outages.

Risk Assessment Update – March 2015

We noted that the District was implementing improved offsite back-up procedures with Nassau BOCES. Once these are fully implemented and tested, then the District will plan to develop a formal disaster plan.

Risk Assessment Update – March 2016

16. *We note that the Network Engineer has purchased an online Cloud service to facilitate the back-up process and providing offsite storage, which closes item (b) above. The District is also set up with Bo-Tie, which is a BOCES service for additional bandwidth for internet and phone service. We understand that the District plans to address items (a), (c) and (d) for the 2016-17 year.*

CORRECTIVE ACTION:

The Director of Technical Services will continue to work on the recommendations of the internal auditors.

STUDENT RELATED DATA AND SERVICES

Student Attendance Data

Recommendation – Risk Assessment Update 2014

Outdated Documents – We recommended that the District develop a plan for addressing the outdated documents in the safe (i.e., bank vault) at the Administration Building. We suggested that the records be destroyed or filed electronically, using the current scanners/photocopiers, in compliance with the New York State Education Department (SED) requirements.

Risk Assessment Update – March 2015

We found that the District still needed to implement this item.

Risk Assessment Update – March 2016

17. *We understand that the Assistant Superintendent for Business plans to work with the Records Retention Officer to address the outdated documents that are stored in the safe in the Administration Building.*

CORRECTIVE ACTION:

The Assistant Superintendent for Business will work with the Records Retention Officer to address the outdated documents that are stored in the safe.

Student Transportation

Finding and Recommendation – Risk Assessment Update 2016

Bus Mileage – *We found that the mileage related to transportation needs to be recalculated for this 2015-16 fiscal year. We recommend the District require that the miles per gallon calculation be detailed on the vendor’s invoice. Additionally, the District should develop procedures to review the miles per gallon calculation used by the bus company when the contract requires the District to pay for fuel.*

18. *We recommend that the District work with the transportation company (Hendrickson) to provide appropriate supporting documentation for mileage and gas usage. The District is still working with the vendor to obtain the requested documentation related to the miles per gallon calculation used by the bus company, since the contract requires the District to pay for fuel.*

CORRECTIVE ACTION:

The Assistant Superintendent for Business and the Transportation Consultant will continue to work with Hendrickson to obtain the proper information that is needed to compute the correct fuel cost.

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 – March 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 – March 2016

- 19.** *We found that the District has finalized its reconciliation of the transportation fuel costs for the 2013-14 and 2014-15 school years. The transportation company (Hendrickson) had 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 is still not adequate. We understand that the District plans to address this matter further.*

CORRECTIVE ACTION:

See corrective action #18