

Glen Cove City School District

Corrective Action Plan

Purchasing Audit – 2014-15

RECOMMENDATIONS

PURCHASING

We recommend that the District consider implementing the following to further improve internal controls and operational effectiveness related to purchasing activities:

1. Revise Board Policy #5410 – Purchasing and the related regulation to include the threshold requirements when the purchases are below the bidding threshold amount. We also suggest that the District review the existing guidelines related to the thresholds requiring verbal and written quotations as part of the initiative to update the Board purchasing policy. We recommend that the quotes be documented on a form or printed and attached as documentation. We also recommend that if the purchasing policy is not followed, a form should be sent to the requisitioner requiring them to provide a written explanation. Also, if quotes are solicited and the lowest quote is not selected, an explanation should be recorded in the body of the PO or on the form.

CORRECTIVE ACTION:

The District has revised Board Policy #5410 to include the threshold requirements when purchases are below the bidding threshold amount. A form is sent to anyone who issues a confirming purchase order asking them to explain why the goods or services were provided before a PO was in place. The Assistant Superintendent for Business will create a form for verbal quotes.

2. Revise the form that is used to document when a PO needs to be increased, to include a space to record the reason for the increase.

CORRECTIVE ACTION:

The District has revised the form that is used to document when a PO needs to be increased to include a space to record the reason for the increase.

3. Consider updating the wording in consultant contracts to include a “not to exceed” amount. The “not to exceed” language serves as a control to limit the approved amount to be paid to a provider for only the services required. We also recommend that if additional services are required during the year, an amendment to the contract be prepared and the increased amount would need to be Board approved. Also, we recommend that the District obtain Board approval for summer services prior to the services beginning and include a note stating that the services are for summer school or regular school year.

CORRECTIVE ACTION:

The District is considering whether including an “not to exceed” amount is feasible. The special education clerk has been instructed to encumber all estimated costs for service providers, based on the number of students they will service and the rate for these services, at the beginning of the school year. The Special Education Director has been told that all summer services need to be BOE approved before the summer services begin. Separate PO’s will be produced for summer services and regular school year services even if the services are provided by the same vendor.

4. Establish consistent, formal procedures related to bids and contracts including that the bid/state contract number be recorded in the body of the PO for reference and supporting

documents be included in the voucher package. In addition, we recommend that the District clearly assign the responsibility of verifying pricing related to purchases off of contracts and bids (i.e., Purchasing Department). We also recommend that the pricing documentation be made available for the Claims Auditor to utilize during their review.

CORRECTIVE ACTION:

The Assistant Superintendent for Business will inform all Departments that a copy of the bid/state contract be sent over with the requisition and the bid/contract number be included on the requisition.

5. Improve the filing process related to contracts and Board resolutions by:
 - a. Creating binders to maintain and centralize the contracts that should be kept in the Purchasing Department. The binder should be made available to the Claims Auditor to utilize during their review.
 - b. Filing the contracts alphabetically by vendor name and including a copy of the relevant Board resolution.
 - c. Noting the correlating PO number on the contract.
 - d. Creating an index to strengthen the organization of these key documents and establish an efficient process for accessing these records.

CORRECTIVE ACTION:

The District has created a binder in which all contracts are kept in alphabetical order. Also included is a copy of the PO that relates to the individual contracts and the Board resolution.

6. Strengthen the controls related to transportation services in the District by implementing the following:
 - a. Utilize Transfinder to its fullest potential including entering van routes into the system.
 - b. Utilize Transfinder to map bus routes to independently verify the bus routes developed by the bus company to ensure that the routes are the most efficient.
 - c. Require that the miles per gallon calculation be detailed on the vendor's invoice. Additionally, develop procedures to review the miles per gallon calculation used by the bus company when the contract requires the District to pay for fuel.

CORRECTIVE ACTION:

The District issued a RFP for Transportation. One requirement in the RFP is that the District receives the miles per gallon calculation with monthly invoices. The transportation clerk has been given access to a 1 ½ hour webinar for 20 weeks to enhance her knowledge of Transfinder so she can be more efficient in developing the necessary bus routes.

7. Develop procedures to periodically remind staff that a PO must be in place prior to the purchase of any goods or service. Additionally, the District could consider creating a form to be completed in these instances to require the requisitioning department to record a reason for why the purchase was made prior to the PO being in place.

CORRECTIVE ACTION:

The District has created a form and started sending the form out to those individuals to fill out and explain why purchase was made prior to having a PO in place.

8. Communicate with staff that when goods or services are received that the requisitioning department signs the receiving copy of the PO and immediately return it to the Accounts Payable Department to be matched up with the invoice to expedite payment.

CORRECTIVE ACTION:

The Accounts Payable clerk will communicate with the departments the importance of returning the receiving copy of the PO as soon as the items are received. Items received during the summer when the receiving departments are not working will be noted.

9. 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.

CORRECTIVE ACTION:

The Board of Education has met with the District's Claims Auditor. The Claims Auditor has agreed to revise his report and include more detail including the number of confirming purchase orders, number of late payments, and give details on warrants withheld, an interruption in check numbers, and other key items.

10. Develop procedures to have the appropriate departments review their portion of the BOCES invoice, initial and return it to the Accounts Payable Department. The signed invoice should be attached for the Claims Auditor to review and approve. Also, procedures should be developed for the Nassau BOCES contract to be Board approved annually.

CORRECTIVE ACTION:

The Accounts Payable clerk will send to each department their portion of the BOCES invoice for their review and approval. No portion of the BOCES invoice will be paid unless the approved invoice is returned. All signed invoices will be attached to the BOCES payments for review by the Claims Auditor.

11. Establish procedures to require an administrator to review and approve all invoices for payment. This review could occur after the clerk in the department has performed an initial review.

CORRECTIVE ACTION:

All invoices that provide Special Education services are now being approved by the Special Education Director after the clerk has performed the initial review.

12. Strengthen internal controls and improve operations at the one school (refer to page 7) by ensuring that the purchases comply with the District's purchasing guidelines. This includes submitting purchase requisitions prior to obtaining goods or services and significantly reducing the amount of reimbursements to the administrator by processing most of those items through the Purchasing Department. We also recommend that the reimbursement items be delivered to the school and obtain an independent sign off when these goods are received.

CORRECTIVE ACTION:

Procedures have been put in place in the 2014-15 school year to correct the purchasing procedures that were done in the past.

13. Consider utilizing consistent contract language with respect to payment to providers when a student is absent to avoid paying a provider in error.

CORRECTIVE ACTION:

The Special Education Director will review contracts to insure that the language used in regard to a student being absent is clear.

14. Develop procedures in the Special Education Department to ensure that attendance records are attached to each invoice for students attending placements outside of the District in order to validate attendance of the students.

CORRECTIVE ACTION:

The Assistant Superintendent for Business has communicated to the Special Education Department that attendance records for all students attending placements outside of the District be attached to each invoice.

15. Improve the purchasing procedures in the Facilities Department by using bids for only products that are listed on the vendors bid list and obtaining the required number of quotes per the purchasing policy for all purchases. Additionally, the District should gain access to pricing for all bids for which purchases are made under. We also recommend that the bid specifications be written clearly and concisely to ensure that all aspects of the bid are properly documented, to include language to ensure that there are no substitutes of items allowed and to include the item number requested to ensure that is the only product sent by the vendor. In addition, we recommend that signed work orders be attached to the approved invoice to indicate that the work was completed.

CORRECTIVE ACTION:

The Director of Building and Grounds will work on improving the purchasing procedures in the Facilities Department by obtaining the required number of quotes and using vendors that are part of the bid list. Bid numbers and information will be included on the purchase order and a copy of the bid with prices will be attached.

16. Develop procedures to require that the requisitioner document in the body of the PO that the expenditure was an emergency purchase.

CORRECTIVE ACTION:

The Assistant Superintendent for Business has instructed the various departments to inform her of emergency purchases so that she can check to make sure that information is included on the requisitions.