



Chappaqua Central School District

Andrew B. Lennon
Assistant Superintendent for Business

Christine Ackerman Ph.D.
Superintendent of Schools

July 6, 2022
Encl. 8.10
District Response

June 22, 2022

To: Board of Education

CC: Audit Committee
Dr. Christine Ackerman

From: Andrew B. Lennon & Cathy Lynch

Re: Management Response to Internal Audit Review of Select Business Office Roles & Responsibilities

The auditors of Tobin & Co, CPAs, PC, the District's internal audit firm have completed their Focus Area Review of Select Business Office Roles & Responsibilities. We have considered all of the observations and recommendations cited in the report and accept all recommendations listed. This memo shall serve as the District's response and corrective action plan to the recommendations contained therein.

HUMAN RESOURCES AND BENEFITS

Recommendation (FA-2122-1): (page 9) The Human Resource function of the District is divided between the Business Office, who manages non-instructional staff, and the Human Resource Department, who manages the instructional staff. If feasible, the District should consider moving the responsibility of inputting salary and hourly information to the Senior Office Assistant / Registrar for non-instructional employees, and to Human Resources for Instructional employees.

Corrective Action: Mitigating controls exist in this area which minimize the risk. The Assistant Superintendent for Business reviews salary change reports as part of the payroll verification process. This review will identify any discrepancies. The accountant assists with annual salary calculations and prorations. Removing the ability for Payroll staff to add or modify salary information in nVision is not feasible at this time without adding additional resources or drastically reassigning responsibilities of the Senior Office Assistant/Registrar and Human Resources personnel.

Implementation Date: Complete (mitigating controls in place)

Persons Responsible for Implementation: Andrew Lennon, Assistant Superintendent for Business

Recommendation FA-2122-2: (page 9) To promote proper segregation of duties, the District should consider having an employee other than the Treasurer receive and log retiree health insurance contributions.

Corrective Action: The Treasurer will continue to receive and deposit payments in accordance with Board of Education policy. We will transition the responsibility for recording retiree health payments from the Treasurer to the Accountant and remove the ability for the Treasurer to post retiree health insurance payments in the nVision Accounts Receivables module. We feel that this level of segregation adequately addresses the risk involved in this process.

Implementation Date: 8/31/2022

Person Responsible for Implementation: Andrew Lennon, Assistant Superintendent for Business.

PAYROLL

Recommendation FA-2122-3: (page 12) The Payroll Department does not currently have formal division of responsibilities. A written division of duties should be formalized, with all tasks laid out and clearly delineated.

Corrective Action: Document formal written roles and responsibilities for the Payroll Clerk and the Payroll Sr. Office assistant with responsibilities clearly delineated.

Implementation Date: 8/31/2022

Persons Responsible for Implementation: Andrew Lennon, Assistant Superintendent for Business;

REALIGNMENT OF STAFF RESPONSIBILITIES

ACCOUNTANT

Recommendation FA-2122-4: (page 20) *For the Accountant position to be used as efficiently as possible, we would suggest formalizing the roles and responsibilities associated with this position. In many districts, the Accountant, or Bookkeeper roles are used to help create segregation of duties from the Treasurer. The Accountant can be used in a way that would help to alleviate the segregation issues we noted within the Treasurer position.*

Corrective Action: The roles and responsibilities of the Accountant have been documented and will continue to be expanded upon to more clearly define the expectations of the role. Additionally, opportunities to segregate the duties of the Treasurer will be identified and transferred to the Accountant such as the those noted in recommendation FA-2122-2 above FA-2122-5 and FA-2122-8 below.

Implementation Date: 12/31/2022

Person Responsible for Implementation: Andrew Lennon, Assistant Superintendent for Business

BILLING AND ACCOUNTS RECEIVABLE

Recommendation FA-2122-5: (page 20) *Employees who receive funds should not also record the receipts of funds or perform bank reconciliations. As mentioned above, the Accountant can be useful in creating proper segregation. If segregation of these duties is not possible, other compensating controls should be put into place.*

Corrective Action: The Treasurer will continue to receive and deposit payments in accordance with Board of Education policy. We will transition recording cash receipts from the Treasurer to the Accountant.

Implementation Date: 8/31/22

Person Responsible for Implementation: Andrew Lennon, Assistant Superintendent for Business

Recommendation FA-2122-6: (page 20) *In addition, the District recently hired an Office Assistant. To centralize billing, we recommend assigning all billing responsibilities to this new position. Not only will this allow for efficiencies, but it will also assist in current segregation of duties issues within the revenue and billing function.*

Corrective Action: The District has already begun the process of centralizing billing by transferring the responsibility for generating invoices from multiple employees to the Office Assistant, with the support of the Treasurer. The District also recently implemented the Accounts Receivable module of NVision, so invoices are now generated and tracked in our financial software instead of on a spreadsheet. This enhancement allows for further segregation of duties and greatly improves internal controls.

Implementation Date: 7/31/2022

Persons Responsible for Implementation: Andrew Lennon, Assistant Superintendent for Business

Recommendation FA-2122-7: (page 20) *Each Department has the capabilities of entering their own budget transfers within nVision. These would then still be routed to the Assistant Superintendent for Business and/or Board for proper approvals. Having the preparation of budget transfers come from the original source would still allow for proper approval while reducing data entry within the Business Office.*

Corrective Action: The District will review the budget transfer process and implement having the buildings/departments enter budget transfers for online approval by the Assistant Superintendent for Business while maintaining the current internal controls regarding Superintendent approval and Board of Education approval when needed.

Implementation Date: 10/31/2022

Person Responsible for Implementation: Andrew Lennon, Assistant Superintendent for Business

Recommendation FA-2122-8 (page 20) *An employee who can generate checks should not also be performing the bank reconciliations. Access rights for processing of capital projects payments should be removed and given to another District employee. However, as Central Treasurer for Extra Classroom Activities, these rights must be retained.*

Corrective Action: The ability to enter invoices will be removed from the Treasurer's role in NVision and the task will be transitioned to the Accountant. A unique NVision log in will be created for the Extraclassroom Activities Central Treasurer role, and those log in credentials will only have access to Extraclassroom Activities accounts.

Implementation Date: 6/30/22

Person Responsible for Implementation: Andrew Lennon, Assistant Superintendent for Business

Recommendation FA-2122-9 (page 21) *We recommend reviewing the duties and role of the Benefit Assistant position to focus mainly on health, and other enrolled benefits to allow for the focus to be on enrollment, reconciliation of billing, and fielding questions directly related to enrolled benefits.*

Corrective Action: During a recent vacancy in the Benefit Assistant position, it became apparent that this position had too many responsibilities for one person. Several responsibilities including Worker's Compensation, Student Accident, Retiree/COBRA billing, etc. have been removed from this Benefits Assistant and strategically assigned to other staff in the Business Office. Additionally, cross training of benefits related items has been implemented and will remain in place.

Implementation Date: 7/31/2022

Person Responsible for Implementation: Andrew Lennon, Assistant Superintendent for Business.

Recommendation FA-2122-10 (page 21) *The District should create a formalized rate sheet encompassing all relevant pay rates. Using this rate sheet, the final review for all time sheets should be performed within the Payroll Department.*

Corrective Action: The District will create a formalized rate sheet for use by the Payroll Department to code and confirm rates on timesheets.

Implementation Date: 8/31/22

Persons Responsible for Implementation: Flora Casterella, Payroll Clerk

Recommendation FA-2122-11 (page 21) *To promote proper segregation, the District should consider removing this function from the Payroll Department to Human Resources and the Senior Office Assistant in the Business Office.*

Corrective Action: Mitigating controls implemented (See FA-2122-1)

Implementation Date: COMPLETE

Person Responsible for Implementation: Andrew Lennon, Assistant Superintendent for Business

Recommendation FA-2122-12 (page 21) *We suggest the District consider creating a procedure for full exit interviews to be conducted for all retirements, resignations, and terminations as part of the end of employment process.*

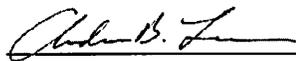
Corrective Action: The Human Resources department currently offers a voluntary exit interview to all certified staff leaving the district which is often declined. The District will standardize the process for offering an exit interview to all exiting staff going forward.

Implementation Date: 12/31/22

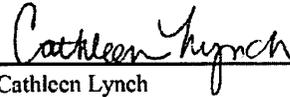
Person Responsible for Implementation: Andrew Lennon, Assistant Superintendent for Business

We would like to thank the staff at Tobin & Co, CPAs, PC as well as our District colleagues for the professionalism and cooperation throughout this audit process, and we look forward to implementing these recommendations in the near future.

Sincerely,



Andrew B. Lennon
Assistant Superintendent for Business



Cathleen Lynch
District Treasurer