



# **Mount Vernon City School District**

## **Risk Assessment**

**Covering the State mandate for the year ended June 30, 2023**

# Mount Vernon City School District

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**TOBIN & COMPANY**  
CERTIFIED PUBLIC ACCOUNTANTS, PC

Mount Vernon City School District  
Board of Education  
165 North Columbus Avenue  
Mount Vernon, NY 10553

We are pleased to provide our report on our review of the Mount Vernon City School District (the District) internal control system and Updated Risk Assessment. The purpose of this engagement is to ensure compliance with applicable New York State laws and regulations under the Fiscal Accountability Initiative.

Our report updates the risk assessment scores and levels of the different processes of the District and highlights any improvement changes or weaknesses in internal controls noted since the last risk assessment report. This report also provides a recommended area where an in-depth review should be performed.

We are pleased to have had the opportunity to serve you and look forward to reviewing this report in detail with you. We would also like to thank the Board of Education and the employees of the Mount Vernon City School District for their time and assistance during our engagement.

Sincerely,

***Tobin & Company***  
***Certified Public Accountants, PC***

January 4, 2023

# Mount Vernon City School District

## Overview

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At the request of the Board of Education of the Mount Vernon City School District "the District", we have performed a review to update the Initial Risk Assessment. Our assessment includes an analysis of business procedures and activities. The risk assessment considered qualitative, quantitative, technological, and human elements of the District's operations.

During our engagement we performed the following procedures:

- Interviewed key personnel, including top administration, mid-level management, and business office employees.
- Evaluated forms and documentation used in the daily business processes.
- Evaluated internal controls, policies, and procedures.
- Evaluated technology used by the District as well as the security of the technology.
- Reviewed the external auditor's latest management report.
- Reviewed the New York State Comptroller's report on the District's internal controls.
- Reviewed prior Intensive Review Report with each department head.

Interviews of key personnel included the following:

*Kenneth Silver, Assistant Superintendent for Business*

*Frances Hagerty, Treasurer (New)*

*Michelle Powell, Accountant (New)* **SENIOR ACCOUNTANT--Not yet appointed**

*Patsy Di Leo, Budget District Grant Analyst*

*Hillary Thompson, Purchasing Agent (New)*

*Marci Tiggs, Assistant Superintendent for Human Resources*

*Carlos Ramirez, Learning Standards Administrator Information Technology*

*Nabil Botros, Director of Buildings and Grounds---NEW*

*Sandra Mike, Claims Auditor (New)*

*Veronica Smith, Assistant Superintendent for Pupil Personnel Services (NOT FOR Special*

*Ed)*

*Abby Nash Hines, Transportation Clerk*

*Stephany Kinlaw, Deputy Treasurer and Accounts Receivable*

*Felisha Alan, Senior Clerk (Accounts Payable) (New)*

*Seneida Rivera, Senior Clerk (Accounts Payable)*

*Fran Freitas, Health Benefits*

*Sharece Bailey, Tax Collector*

*Amanda Plumber, Whitson's Food Service Director*

*Lisa Mayzun, Student Activities—MVHS ONLY*

# Mount Vernon City School District

## Executive Summary

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Since our last review, the District has made internal control changes to the procedures of several areas. The scores for some of these areas have decreased while others increased. Below is a summary of noted internal control improvements and areas for potential improvement:

These observations as well as our recommendations are explained further in the body of this report.

1. **(Grants/Purchasing)** The District should develop a formal process to qualify/vet new vendors and document relevant school district experience for vendors prior to entering into any agreements.
2. **(Purchasing)** Details and itemized invoices should be required prior to processing and approving any vendor payments.
3. **(Special Education/Purchasing)** Prior to payment, all service vendor requests should include vendor sign in sheets with supervisor approval to confirm attendance.
4. **(Purchasing)** Vendor payments should be made on scheduled warrants only.
5. **(Benefits)** Changes to employee's health insurance deductions need to be independently cross checked to ensure accuracy.
6. **(Payroll)** A payroll supervisor is needed with experience using nVision software.
7. **(Attendance)** The District has the Time Piece software and employees are using the software to sign in, but it is not being used to its full capacity with Aesop and nVision. This forces the Payroll Clerks to manually enter exception time.
8. **(Human Resources)** While the District is using Board Docs, there is no formal internal procedure to notify departments about terminated employees, new employees, and changes in employee status.
9. **(Human Resources/Payroll)** Employees Retirement System (ERS) and Teachers Retirement System (TRS) updating is not done timely, causing unnecessary delays.
10. **(Technology)** While the District has incorporated cybersecurity components, the District has yet to hire a third party to perform penetration testing to ensure the District's network is sufficiently protected from external attacks.
11. **(Food Service)** There is no preventive maintenance performed on kitchen equipment. This has resulted in equipment being down for months at a time.
12. **(Grants)** The District has only one employee who knows grants procedures, applications, and processing.

A summary of the District's notable internal control improvements are as follows:

1. **(Benefits)** The Benefits Clerk is cross training another employee to serve as backup when needed.
2. **(Student Activities)** Faculty Advisors are provided with a Student Activity Handbook when creating a new club to ensure that they are aware of accepted practices, policies, and procedures. **THE NEW SENIOR ACCOUNTANT WILL TAKE OVER THIS AREA**
3. **(Technology)** The District has implemented two cybersecurity awareness training programs to educate employees on potential risks.
4. **(Purchasing)** The Purchasing Clerk periodically reviews the vendor list in nVision and makes unused vendors inactive.

# Mount Vernon City School District

## Explanation of Risk Ratings

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The risk assessment quantifies scores in various areas of the operations of the District. The scores determine if a particular area is graded low, medium, or high risk. The following illustrates the range of possible scores:

Low Risk	21 - 49
Medium Risk	50 - 77
*High Risk	78 - 105

Risk levels were assigned to each area based on six key variables:

1. **Dollar Volume** - The higher the dollar volume, the higher the risk value assigned.
2. **Adequacy of Personnel** - Values assigned depend on personnel having proper qualifications, and that there is enough staff to perform proper internal controls.
3. **Complexity of Activity** - Different areas are more complicated and allow more opportunities for fraud or misappropriations.
4. **Management Interest** - If management places a priority, or expresses interest in a particular area, it is awarded a higher risk value to ensure that attention is paid to that area.
5. **Adequacy of Procedures** - If there are proper procedures that are understood and followed, risk levels are significantly reduced.
6. **Adequacy of Internal Controls** - Lack of controls could mean that procedures are not followed correctly, increasing risk levels.

In order to calculate the Risk Score for each reviewed area, we have to determine the weighted risk value for each variable. The following is an illustration of the calculation which assigns risk scores to each variable:

**A = Descriptive Value** - Each variable is scored with a value from 1-5 (5 being highest risk) depending on our observations for that particular area.

**B = Significance Weighting Factor** - Each variable is ranked in order of its importance from 1-6 (6 being most important).

**A x B = Weighted Value** - Calculated by multiplying each descriptive value by its weighting factor.

When we have computed a score for each variable, they are totaled giving us the Total Risk Score for the area being evaluated.

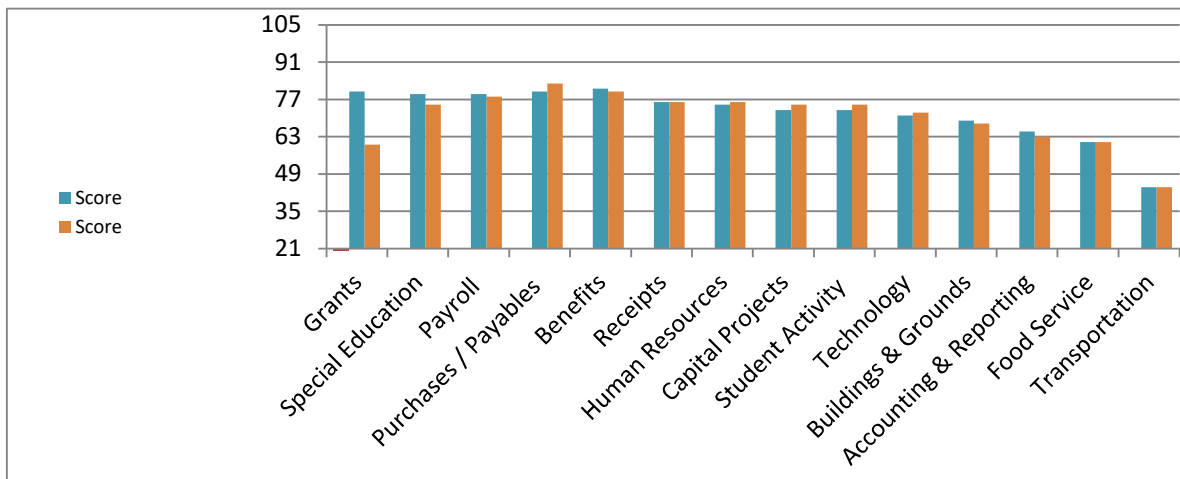
*\*It should be noted that not all of these variables can be controlled by the District. For instance, the dollar volume for receipts, payables, and payroll will always be high. Therefore, even with perfect controls these areas would not be considered low risk. This should be taken into consideration when reading the results of our scoring.*

# Mount Vernon City School District

## Risk Ratings - Results

In the illustrations below, we list each review area, date an intensive review was performed, its severity level, updated risk scores, and the score of a school district of similar size:

Area of Review	Completed Intensive Area	Level	Score	Score
			Current	Prior
Grants	6/30/2023 special review	High	80	60
Special Education	Recommended next	High	79	75
Payroll	6/30/2018 & 6/30/2021	High	79	78
Purchases / Payables	6/30/2017 & 6/30/19	High	80	83
Benefits		High	81	80
Receipts		Medium	76	76
Human Resources	6/30/2012 & 6/30/2020	Medium	75	76
Capital Projects	6/30/2015	Medium	73	75
Student Activity	6/30/2011	Medium	73	75
Technology	6/30/2014	Medium	71	72
Buildings & Grounds	6/30/2015 & 6/30/2022	Medium	69	68
Accounting & Reporting		Medium	65	63
Food Service	6/30/2013	Medium	61	61
Transportation		Low	44	44



### **Recommendation for Next Review Areas**

We recommended the next Intensive Review to be in the area of Special Education. Testing will include the following:

- Detailed interviews of department personnel and review of vendor payments as well as the process of adding vendors and consultants to special education.
- Follow up on implementation of recommendations specific to special education from the state.
- Review department composition and compare procedures to similar school districts.

# Mount Vernon City School District

## Observations and Recommendations

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### **GRANTS - Risk Score: 80**

Original Assessment - School Districts are entitled to a variety of program aid from the State and Federal Government. Government aid and grants can be a substantial source of funding for public education. The highest risk related to Government aid and grants would be that the District is inadvertently paying non-qualified vendors from grant funds.

The District receives over \$45 million dollars in grants per year which include titles 1(enrichment), 2, 3, and 4 as well as McKinney Vento (homeless) and American rescue plan and covid relief.

#### Newly noted observation and recommendation:

1. Observation: The District has only one employee who knows grants procedures, applications, and processing.  
Recommendation: The District should consider cross training an additional employee of proper procedures. In addition, the District should formally document procedures as a source of reference.

Current Assessment – Due to ongoing concerns, the Risk Level is increased to High.

### **SPECIAL EDUCATION - Risk Score: 79**

Original Assessment - The area of Special Education encompasses various areas within the District. This includes Government Aid and Transportation. School districts are entitled to a variety of program aid from the state and federal government. Government aid can account for a significant source of funding for public education. Most state and federal program aid require certain applications and claim forms to be submitted at a determined schedule.

All students with disabilities who require special education services have Individualized Education Programs (IEPs). The IEP contains information about the child's interests, strengths, needs, goals, and educational program.

During the 2020-2021 school year the New York State Education Department's Office of Special Education completed a coordinated intervention review of the District's Special Education Department. The District was found to be in compliance; however, the Department has faced turnover, and a new director was recently appointed.

#### New observations and recommendations:

1. Observation: During our review of special education vendors, we noted service vendor's invoices did not included itemized detail and backup to support hours billed.  
Recommendation: The District should require detailed invoices with requester and approver signatures. This information should then be compared to vendor contracts to ensure billing is in accordance with agreements.

Current Assessment – Due to the recent turnover within this Department, as well as its direct relationship with state aid, we increased the Risk Level to High.



# Mount Vernon City School District

## Observations and Recommendations

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### **PAYROLL - Risk Score: 79**

Original Assessment -Payroll is a significant percentage of the overall budget of the District. Whenever there is a high dollar volume the level of risk rises automatically. As with Purchases and Payables, we found procedures in place that could help prevent fraud or misstatement.

#### Previously reported observations and recommendations remaining unresolved:

1. Observation: There is no total hour time check proof from timesheet to nVision.  
Recommendation: The Payroll Clerks should foot overtime hours from source documents and compare this to total hours entered into nVision.
2. Observation: The District has not performed a live payroll distribution in a very long time.  
Recommendation: The District should perform a live payroll distribution at least once a year. This will help ensure all employees who are being paid through direct deposit are indeed working for the District. **THIS IS BEING PLANNED**
3. Observation: The Payroll Clerk prepares payroll tax deposits and returns with nVision reports which are then filed with the corresponding agencies. The Payroll Clerk manually calculates extra period compensation.  
Recommendation: A business office employee should review and approve all payroll tax returns, payments and extra period compensation. The **INTERNAL** claims auditor should review all payroll tax payments to confirm the payments were made timely.

#### New observations and recommendations:

1. Observation: The District overpaid its second quarter payroll taxes.  
Recommendation: The District should sign up to the Electronic Federal Tax Payment System (EFTPS) so they can track IRS payments and avoid overpayments or underpayments of payroll taxes. **THIS HAS BEEN IMPLEMENTED**
2. Observation: Due to turnover and movement of employees from other departments into payroll, there is a natural learning curve that needs to be hurdled to gain the knowledge to process payroll. In addition, there is a delay in certain payroll functions like employee retirement system enrollment, deductions and adjustments. **WITH THE HIRING OF THE NEW TREASURER, THIS FUNCTION HAS BEEN RESOLVED. THE CONSULTANT FROM BOCES HAS BEEN MANAGING THIS. TRAINING IS NOW ONGOING FOR ALL STAFF INVOLVED IN THE RETIREMENT SYSTEMS**  
Recommendation: The District should continue to provide formal BOCES training to all District personnel involved with payroll. In addition, a check list should be created of key steps to be reviewed and completed. These steps would include, but not be limited to ERS enrollment verification and changes of health insurance deductions. **THIS HAS BEEN ONGOING AND I RECOMMEND REMOVING THIS NOTE. BOCES COMES TO US AND WE GO TO THEM. A NOTE SAYING WE SHOULD CONTINUE DOING SOMETHING WE ARE DOING IMPLIES WE HAVE STOPPED**
3. Observation: The District has the Time Piece software and employees are using the software to sign in, but it is not being used to its full capacity with Aesop and nVision. This forces the Payroll Clerks to manually enter exception time. **THE FURTHER**

# Mount Vernon City School District

## Observations and Recommendations

**IMPLEMENTATION OF THIS PROGRAM IS ONGOING IN CONJUNCTION WITH ANOTHER DEPARTMENT RESPONSIBLE FOR STAFF ATTENDANCE**

Recommendation: The District should train payroll employees on how to upload Time Piece and Aesop time into nVision to help limit or avoid data entry errors. In addition, this can provide more efficiency and improved timeliness to the payroll process.

### Current Assessment

Due to the new risk factors, the risk assessment has been increased to High.

### **ADDITIONAL PAYROLL COMMENT:**

**We have constantly reached out for additional help when we have had difficulties due to training issues and being short staffed. As of this date, we still have no treasurer, no senior payroll person, and no senior accountant. In addition, we now have no second person in charge in the business department where there has been a person in this position for several years. The following are the steps we have taken to mitigate the problems related to payroll:**

- **Contracted with Management Advisory Group through BOCES for accounting and payroll services. This has been on-going for over seven months and has been several hundred hours of remote and on-site assistance**
- **Contracted with The Robert Half Agency for a temp to assist in accounting and payroll matters. This has been on-going since November 1**
- **Contracted with BOCES to provide on-site and classroom instruction for business office staff. This has been for multiple days and multiple topics**
- **Contracted with BOCES to provide remote and on-site direct assistance with all payroll matters including health insurance, retirement systems, deductions, etc.**
- **Through our membership in the Association of School Business Officials, we have sent staff for training in person and provided remote training in payroll and accounting**

# Mount Vernon City School District

## Observations and Recommendations

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### **PURCHASES / PAYABLES- Risk Score: 80**

Original Assessment - Purchases and Payables are assessed together due to their close relationship. We reviewed all areas related to this function including the procedures and documentation for purchases of supplies, employee reimbursements, and contract purchases. We interviewed a number of key employees related to this area and formed an understanding of the attributes of the "Purchase Cycle" within the District. Based on our understanding we assessed this area at *High Risk* level.

#### Internal control improvements noted since our previous Risk Assessment:

1. The Purchasing Clerk periodically reviews the vendor list in nVision and makes unused vendors inactive.

#### Previously reported observations and recommendations remaining unresolved:

1. Observation: Claims are being submitted for prior year purchases or events that have already passed. When claims are submitted at a time significantly after the event was held it makes it difficult to verify the accuracy and legitimacy of payment requests.  
Recommendation: The department should continue to train and update appropriate District personnel. Requests for payment should be submitted before the event and follow the correct procedures. **WE HAVE ALSO INFORMED VENDORS THAT LATE INVOICES WILL NOT BE PAID. LATE INVOICES ALSO COME FROM SCHOOLS WELL AFTER THE DEADLINE. SCHOOLS HAVE BEEN INFORMED THAT THESE INVOICES WILL NOT BE PAID**
2. Observation: The District will on occasion issue unscheduled checks. This can cause a breakdown with the internal control structure since it may bypass certain policies and procedures in the accounts payable and purchasing cycle.  
Recommendation: A request for payment should start with a requisition and then go through the correct channels for proper approvals. Once authorized, checks should be issued on one of the predetermined scheduled check runs. Payments should be made on schedule warrants only. **WE ALWAYS TRY TO STICK TO SCHEDULED CHECK RUNS BUT WE ARE CONSTANTLY BEING ASKED TO PROVIDE CHECKS AT THE LAST MINUTE. WE HAVE RESISTED THIS AND IT HAS DECREASED BUT THIS OFF CYCLE REQUESTS STILL COME IN. ALL CHECK CYCLES ARE SENT TO ALL SCHOOLS AND THEY ALL KNOW THE REQUIREMENTS FOR PAYMENT**
3. Observation: At the end of the school year, the District reviews open purchase orders.  
Recommendation: The District should review open purchase orders monthly to avoid clustering of old and new purchase orders.  
**THIS HAS BEEN IMPLEMENTED**

#### New observations and recommendations:

1. Observation: Vendors are accepting service/product purchase request without District purchase orders.  
Recommendation: The District should remind vendors that they will not receive payment without a District approved purchase order. **WE SEND OUT NOTICES TO VENDORS ON A REGULAR BASIS THAT THEY ARE RESPONSIBLE FOR ORDERS ACCPETED**

# Mount Vernon City School District

## Observations and Recommendations

WITHOUT A PURCHASE ORDER. WE ALSO CONSTANTLY REMIND THE SCHOOL PRINCIPALS OF THIS MATTER.

2. Observation: The District enters into agreements with vendors without a formal process of verifying their qualifications. THE VENDORS THAT ARE USED BY THE BUSINESS OFFICE, FACILITIES, FOOD SERVICE AND TRANSPORTATION ARE ALL VETTED AND PROCURED PROPERLY. OTHER DEPARTMENTS OFTEN CHOOSE A VENDOR FOR CONVENIENCE AND DO NOT ALWAYS USE THE PROPER PROCEDURES. WE HAVE CONTINUED TO ASSIST IN THE PROPER PROCUREMENT OF OUTSIDE CONTRACTORS AND VENDORS.

Recommendation: The District needs a process to qualify/vet new vendors and document relevant school district experience for vendors prior to entering into any service agreements. SCHOOL DISTRICT EXPERIENCE IS NOT REQUIRED FOR MOST VENDORS. HOWEVER, IF SPECIAL EDUCATION OR ANOTHER DEPARTMENT REQUIRES CERTAIN EXPERIENCE, THAT IS THE ROLE OF THAT DEPARTMENT TO VET THAT BEFORE ENTERING INTO ANY AGREEMENT TO PROVIDE SERVICES OR GOODS I WOULD REMOVE SOME OF THIS

### **PURCHASES / PAYABLES** (continued)

Current Assessment – In addition to our observations, Purchasing and Payables is an area most susceptible to fraud and therefore will always be risked higher than other areas. While the assessment of *High Risk* remains unchanged, the score increased to an 82.

### **BENEFITS** - Risk Score: 81

Original Assessment - Due to the nature of the department (one employee), benefits was given a *High-Risk* rating. There is, however, room for improvement in the procedures to tighten some controls.

#### Internal control improvements made since our previous Risk Assessment:

1. The Benefits Clerk is cross training another employee to serve as backup when needed.
2. The Benefits Clerk has begun documenting key processes and procedures.

#### New observations and recommendations:

1. Observation: While changes to employees' health insurance deductions are communicated to Payroll Department in writing there is little cross checking or follow up after the initial communication. OUR NEW SENIOR ACCOUNT (TO BE APPOINTED) HAS WORKED ON THIS IN CONJUNCTION WITH BOCES TO CREATE A CHART OF HEALTH DEDUCTIONS. ALL EMPLOYEES ARE NOW ON THE CORRECT INSURANCE DEDUCTION

Recommendation: As an additional check, the Benefits Clerk should review benefits related payroll deductions at least once a month to ensure changes were captured correctly. THIS HAS BEEN IMPLEMENTED AND IS ASSISTED BY THE PERSON LEARNING THE BENEFITS ROLE

# Mount Vernon City School District

## Observations and Recommendations

2. Observation: The Benefits Clerk calculates all Medicare reimbursement calculations without secondary review.

Recommendations: The Claims Auditor should review Medicare reimbursement calculations as a secondary review. **THERE IS AND HAS BEEN AN OUTSIDE FIRM THAT CALCULATES THESE REIMBURSEMENTS WHICH ARE MADE QUARTERLY. HOWEVER, THIS RECOMMENDATION WILL BE EXAMINED**

Current Assessment – Since our initial risk assessment, we have made various recommendations with the goal of strengthening internal controls. The District has since implemented many of these improvements which have helped strengthen internal controls. The assessment stays the same with a High Risk.

### **RECEIPTS - Risk Score: 76**

Original Assessment - This area includes incoming funds from several sources such as food services, State reimbursements, student activity funds and grants. When reviewing the District's procedures in this area, we focused on the following:

1. Methods in which money is received
2. The different revenue sources
3. How receipts are recorded
4. How money is moved from one account to another

Current Assessment – Although there is a high dollar volume in this area, larger receipts are often received electronically via wire transfers. Receipts were assessed a *Medium Risk* level with good overall procedures, and internal controls in place. This is a very significant area of activities of the District and should always be monitored closely. We noted no significant changes. The Risk Score remains at *Medium*.

### **HUMAN RESOURCES - Risk Score: 75**

Original Assessment - Human Resources are assessed separately from the payroll cycle because of the structure and process within the District's operations. While we did not note any significant weaknesses in the procedures or internal controls for this area, we did note areas for improvement.

#### Previously reported observations and recommendations remaining unresolved:

1. Observation: The District does use Frontline for in house teacher credits, but not for qualified college credits.  
Recommendation: The District should fully use Frontline to track educational credits for all qualified credits.

#### New observations and recommendations:

1. Observation: Different Departments use Board Docs to get information on terminated employees, new employees, and changes in employee status. There is no formal internal procedure to notify departments about terminated employees, new employees, and changes in employee status.  
Recommendation: In addition to maintaining constant communication between Departments, the school's secretaries should communicate with Human Resources and Payroll when an employee is terminated.
2. Observation: The employee who enters salary information also processes payroll.

# Mount Vernon City School District

## Observations and Recommendations

Recommendation: To promote proper segregation of duties, adding and entering salary appointment information should be done by Human Resources not by the payroll department. INITIAL SALARY IS ENTERED BY HR AND THEN CHECKED BY PAYROLL FOR ACCURACY. WHAT WOULD HELP IS FOR ALL RESOLUTIONS FOR PERSONNEL TO HAVE AN EXACT BUDGET CODE AND DOLLAR FIGURE

3. Observation: ERS and TRS updating is not done timely, causing unnecessary delays.  
Recommendation: Due to the short staff in the Payroll Department, the District should consider having the Human Resource Department assist Payroll with the ERS and TRS enrollment. THIS IS LIKELY TO BE IMPLEMENTED AS STATED ABOVE. THERE WAS AN EXTENSIVE MEETING WITH TRS THIS WEEK WHICH INCLUDED THE SUPERINTENDENT, THE BUSINESS OFFICE, AND HR. CHANGES ARE AWAITING THE SUPERINTENDENT'S DIRECTIVES. THE HIRING OF THE KEY PAYROLL POSITION WILL HELP THIS, BUT AS OF THIS WRITING, THERE ARE NO QUALIFIED CANDIDATES. THE LOCAL CIVIL SERVICE RULES HAVE PREVENTED US FROM HIRING HIGHLY QUALIFIED PERSONS BECAUSE OF RESIDENCY REQUIREMENTS. THESE PROBLEMS IN ALL OF PAYROLL WOULD HAVE BEEN SOLVED A YEAR AGO IF WE WERE NOT FORCED INTO ARCHAIC REGULATIONS ON HIRING. WE SHOULD BE ABLE TO HIRE WHOMEVER WE DEEM QUALIFIED AND THESE REGULATIONS STOP AN EFFICIENT OPERATION

Current Assessment – While we noted additional recommendations for improvements, the Risk Score remains at *Medium*.

### **CAPITAL PROJECTS - Risk Score: 73**

Original Assessment - We assessed Capital Projects at a Medium Risk level. Management has previously expressed concern about the procedures in place. They have taken measures to strengthen the financial accountability by hiring an independent consultant to assist with accounting and reporting for capital projects. This is an area where the dollar volume is significant, and the activity and public reporting can be complex.

### **CAPITAL PROJECTS (continued)**

Previously reported observations and recommendations remaining unresolved:

1. Observation: The inventory list of machinery, equipment and tools was last updated in July 2015.  
Recommendation: Most insurance policies provide for a free inventory update once every three years. The District should schedule a physical inventory.  
Update: The District's insurance company is in the process of compiling an inventory of machinery, equipment, and tools.

New observations and recommendations:

# Mount Vernon City School District

## Observations and Recommendations

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1. Observation: The Assistant Superintendent for Business reviews and signs the capital project payments.

Recommendation: Since the Director of Facilities closely monitors the actual onsite construction he should also review and sign the capital project applications for payment as an additional control measure. **IT SHOULD BE NOTED THAT THERE HAS BEEN NO SIGNIFICANT CAPITAL PROJECT EXPENDITURES IN SEVERAL YEARS**

Current Assessment – The District was working with an independent consultant to assist with the accounting and State filing procedures for Capital Projects related to their \$108 million bond. This project is 100% completed. The Risk Score remains at Medium Risk.

### **STUDENT ACTIVITIES - Risk Score: 73**

Original Assessment – Student Activities is an area with a relatively low dollar volume. However, since this is an area where funds change hands, and an area that is commonly overlooked, it is an area where fraud could potentially take place.

#### Internal control improvements made since our previous Risk Assessment:

1. Faculty Advisors are provided with a Student Activity Handbook when creating a new club to ensure that they are aware of accepted practices, policies, and procedures.

#### Previously reported observations and recommendations remaining unresolved:

1. Observation: The Student Activities Clerk is responsible for depositing money, making payments, and bank reconciliations. There is no segregation of duties.

Recommendation: The District should segregate duties and have the Treasurer, or another District employee perform one of these responsibilities. **THE NEW TREASURER IS MANAGING THIS**

2. Observation: The District does not use accounting software to track Student Activities on a consistent basis. All activity (except for Mount Vernon High School) is recorded manually through excel or on paper. As a result, bank reconciliations are not performed efficiently.

Recommendation: To improve efficiency and effectiveness, the District should consider using nVision software for Student Activities. This would help track individual club funds in a more efficient manner. **THE SENIOR ACCOUNTANT WILL TAKE OVER THIS RESPONSIBILITY AS SOON AS SHE IS APPOINTED IN TWO WEEKS. WE HAVE BEEN WITHOUT THIS POSITION FOR 1 ½ YEARS.**

3. Observation: Newly formed clubs are not preparing budgets. This could result in overspending of the club's funds.

Recommendation: The District should require all clubs, including first year clubs to prepare budgets. **THE SENIOR ACCOUNTANT WILL MANAGE THIS IMPROVEMENT**

### **STUDENT ACTIVITIES (continued)**

Current Assessment – Due to the risk factors involved, the assessment of Medium Risk has remained.

### **TECHNOLOGY - Risk Score: 71**

Original Assessment - Technology is rated at Medium Risk level. Technology must be always monitored closely and vigilantly, for the safety of information as well as the students using

# Mount Vernon City School District

## Observations and Recommendations

computers within the District. The District should be aware that as Technology changes, the procedures for securing it may need to be updated as well.

### Internal control improvements made since our previous Risk Assessment:

1. The District has implemented two cybersecurity awareness training programs to educate employees on potential risks.
2. The District has security controls in place for cloud computing, remote access, and wireless network.

### New observations and recommendations:

1. Observation: While the District has incorporated cybersecurity components, the District has yet to hire a third party to perform penetration testing to ensure the District's network is sufficiently protected from external attacks.  
Recommendation: The District should perform an intrusion detection test on a periodic basis.

### Current Assessment

Information Technology is always evolving, and new threats are constantly emerging. Therefore, risk level in this area remains at a *Medium Risk*.

## **BUILDING & GROUNDS - Risk Score: 69**

Original Assessment - The District has an in-house Buildings and Grounds Department which directly handles many routine duties for the District. Based on these factors we assign this area a Medium Risk level.

### Internal control improvements made since our previous Risk Assessment:

1. The Buildings and Grounds Department Secretary maintains a running inventory of District facility supplies and tracks prior purchases by each individual school to help prevent unusual and unnecessary ordering.

### Previously reported observations and recommendations remaining unresolved:

1. Observation: The average mileage-per-gallon calculation is not performed based on mileage and fueling reports. **FACILITIES STAFF WILL BE ASKED TO IMPLEMENT THIS**  
Recommendation: Mileage-per-gallon should be calculated based on mileage and fueling reports to determine if the vehicle is achieving the miles-per-gallon expected of that vehicle (to determine if mileage and fuel usage are being reported correctly).

## **BUILDING & GROUNDS** (continued)

Current Assessment – In school districts, this is an area commonly rated a medium risk, mostly due to various processes within the area where ineffective procedures can have a material impact on the budget. The highest risk factors are effective overtime control, work order analysis, equipment security, and efficiency. The Risk Level of *Medium* remains unchanged.

## **ACCOUNTING & REPORTING - Risk Score: 65**



# Mount Vernon City School District

## Observations and Recommendations

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Original Assessment - This area includes all budget, accounting, financial reporting and cash management functions of the District. Overall, this area was evaluated as Medium Risk. The factors affecting this rating for this area included strategic planning impact and materiality to the financial statement, internal control environment and documentation of internal controls.

New observations and recommendations:

1. Observation: The District is functioning without a Payroll Supervisor.

Recommendation: In order to maintain segregation of duties and proper accountability, as well as stability among different departments, the District should fill the above position as soon as possible.

Current Assessment – Due to vacancy in the Accountant and Payroll Supervisor’s positions, the Risk Level increased to 65. **THE ACCOUNTING POSITION IS ABOUT TO BE FILLED**

### **FOOD SERVICE - Risk Score: 61**

Original Assessment – The District has qualified for free and reduced meals districtwide. Food Service is run by an outside company. This alleviates the need for the District to staff this area of operations. The outside company provides enough documentation of activity for the District to feel comfortable that they are reporting revenues correctly. We believe the controls in place are sufficient to alleviate most of the risk. Therefore, Food Service was rated as Medium Risk.

New observations and recommendations:

1. Observation: There is no preventive maintenance performed on kitchen equipment and therefore equipment is constantly down for months. **THE FACILITIES DEPARTMENT INTENDS TO PUT THIS PLAN IN PLACE**

Recommendation: Even though the District uses a third-party food service provider, the Buildings and Ground department should develop a preventative maintenance cycle for its food service equipment.

Current Assessment – The District currently subs out food service to Sodexo. The District completes all the reporting required to be reimbursed for meals from the National School Lunch program. While we reduced the Risk Score slightly, the Risk Level remains at Medium.

### **TRANSPORTATION - Risk Score: 44**

Original Assessment - During our update, we briefly reviewed the procedures in this area. The risk of employee theft or fraud is minimal due to its nature; however, there may be financial, efficiency and student safety risks present. We have rated this area at a Low Risk level.

Current Assessment – The Risk Score remains at a Low Risk level.