AMHERST CENTRAL SCHOOL DISTRICT

RESULTS OF TESTING

FOR THE YEAR ENDING JUNE 30, 2019

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RISK AREA: ACCOUNTS PAYABLE/PURCHASING – SEGREGATION OF DUTIES RISK ASSESSMENT: HIGH	
OBJECTIVE:	• To review purchases for proper approval and business purpose • To determine extent of implementation of key controls as documented during the risk assessment

TESTING PERFORMED:	• Obtained Vendor Transaction Report from July 1, 2018 through May 23, 2019
	• Selected 20 purchases totaling $24,897 to examine for the following:
	  ○ Existence of purchase order (PO) dated prior to invoice date
	  ○ Approval of PO by purchasing agent
	  ○ Proof of receipt of goods or performance of contracted services
	  ○ Claims auditor approval
	  ○ Supporting documentation to verify reasonableness of business purpose

RESULTS:	• 19 of 20 purchases had a PO
	  ○ A claim form was used for a mileage reimbursement
	  ○ All purchases were approved by the purchasing agent
	• All purchases appeared to be for valid District purposes
	• In four instances, the invoice/purchase date was prior to the PO date
	• The claims auditor reviewed voucher packages prior to check issuance
	• In one instance, there was no signature on the receiving PO by the employee who received the goods

RECOMMENDATIONS:	• Continue to require that POs are prepared and approved prior to purchase

RISK AREA: ACCOUNTS PAYABLE/PURCHASING – USE OF PURCHASING CARDS RISK ASSESSMENT: HIGH	
OBJECTIVES:	• To test the District's purchasing card usage for adherence to purchasing procedures in accordance with Board Policy #5321 – *Use of the District Credit Card and Cell Phone* and to ensure that each transaction was for a proper business purpose

TESTING PERFORMED:	• Selected 10 M&T Bank purchasing card statements from July 2018 through April 2019 for each of the seven District purchasing cards and reviewed for the following:
	  ○ Purchasing card signed out by an authorized purchaser and documented on the log-in sheet in the business office
	  ○ Supporting documentation, proper approval, and proper business purpose
	  ○ Claims auditor approval

RESULTS:	• 10 statements with 27 purchases totaling $9,904 were selected for testing
	• Purchasing cards are locked in a secure place in the business office in accordance with District policy
	• Purchases made with purchasing cards had proper PO approval in accordance with District policy
	• All purchases appeared to be for proper business purposes
	• Two of the 27 transactions tested did not have adequate supporting documentation
	• In 15 instances, the purchasing card was not signed out on the log-in sheet; six of these instances were purchases by business office staff
	• The claims auditor approved all transactions
	• The District has an overall combined credit limit of $30,000 on its purchasing cards
	  ○ Five purchasing cards have individual credit limits of $2,000
	  ○ $5,000 limit on the School Business Administrator's card
	  ○ $10,000 limit on the Superintendent's card

RECOMMENDATIONS:	• Have the Board of Education approve authorized purchasers or their designees at the annual reorganizational meeting • Require that all purchasing cards are signed out when used and that the log-in sheet includes signatures of purchasers • Periodically review the number of times purchasing cards are signed out to determine whether the number of available cards can be reduced based on their frequency of use • Continue to periodically assess whether the purchasing card limits are appropriate • In the senior account clerk's absence, another business office employee should require purchasers to sign the log-in sheet

PRIOR RECOMMENDATIONS NOT INCLUDED ELSEWHERE*

The following recommendations are rated as 1, 2, or 3 depending on the magnitude of the deficiency, potential effect on the District if not corrected, cost/benefit analysis, and mitigating controls. Levels 1, 2, and 3 are defined below:

- **1 - recommendations that the District has the ability to change and would likely provide a greater benefit to the District than the cost of implementation**
- **2 - recommendations that the District should investigate; however, the cost of implementation may be greater than the District's benefit and the level of risk may not be great enough to warrant significant changes to the structure of the District**
- **3 - recommendations that are considered to be best practices and reminders to the District to continue with certain procedures**

ACCOUNTS PAYABLE/ PURCHASING	• Review vendor history for bidding requirements	3
	• If a lower price is available outside the bidding process, sufficient documentation and approval should be noted	3
PAYROLL	• The District should perform a payroll payout test where employees must show ID to receive their checks or check stubs	2
	• Consider filing Form SS-8 with the IRS to get a determination of proper classification when unsure of employee or contractor relationship	3
TREASURY	• School Business Administrator or junior accountant should access bank statements online and perform a preliminary review before forwarding to the Treasurer	1
	• Safes in buildings should be locked at all times	2
	• *Check stock is blank paper containing no District information therefore it is unnecessary to keep locked*	
CAPITAL ASSETS	• Perform periodic inventory counts to compare the appraisal company's report to items throughout the District	2
	• Implement a process to timely track movement of assets	3
EXTRACLASS ROOM (STUDENT CLUBS)	• Profit and Loss statements should be prepared for all fundraisers	1
	• Bank statements should be received, unopened, directly by the Central Treasurer in the high school to improve segregation of duties	1
	• Consider moving activities at the high school and middle school with no student involvement to the Trust & Agency Fund	3
	• Receipts or invoices should be required for all cash disbursements	1
	• Parents should make yearbook payments directly to an outside company instead of sending payments to the schools	2
INFORMATION SYSTEMS	• Restrict employee access solely to those modules in WinCap necessary to complete their job functions	1

** Items in blue denote changes from the prior risk assessment.*