

**HYDE PARK CENTRAL SCHOOL DISTRICT**

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# MEMO

## Office of the Business Manager

To: Board of Education

From: Linda Steinberg, School Business Manager 

C: Greer Rychcik, Superintendent of Schools  
Barbara Sparacino, District Treasurer  
Alec Sobin, Internal Auditor

Date: March 19, 2018

Re: Corrective Action Plan for the 2017-2018 Internal Audit

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The following are our suggestions for corrective action based on recommendations in the internal auditors' 2017-2018 report.

### **Issues Related to Review of Purchasing Procedures in Facilities and**

**Transportation:** The internal auditors' report states, "We reviewed the procedures and controls in place for purchasing items from vendors where blanket purchase orders are used and employers have to go to the "stores" to purchase items," and interviews with staff and administration revealed that staff "would request from (administrators) what they needed to purchase and that verbal approval would be given for them to go to the "store" to purchase the items. Our testing of transactions did not reveal any discrepancies except that we had no way of knowing that approvals had been given."

#### **1. Recommendation #1: Written Pre-approval**

The internal auditors recommend:

*that when a request is made to purchase, that the individual approving the purchase simply fill out a form indicating the date, the items approved for purchase and the applicable purchase order number. The form would then be signed and maintained by the approver. When the invoice is received, it could then be checked to the approval form to be sure that no additional items had been purchased. A copy of the approval form would then be sent to the Business Office with the invoice for payment.*

**Corrective Action Plan:** The District will follow the Auditor's recommendation and implement a process to document approval and provide that information to the business office and claims auditor.

- Recommendation #2: Provide List of Approved Charge Account Users to Vendors:** Regarding the Facilities and Transportation employees that have permissions to charge purchases to the School District, the internal auditor also suggests "that the vendors be provided with a list of the names of the individuals who are authorized to go to these "stores" to purchase items on behalf of the District."

**Corrective Action Plan:** The business office will provide each vendor from which employees are allowed to charge purchases to the school district with a list of employees that are approved account users. The lists will be updated every year and whenever there is a change in staff.

**Review of Fixed Assets:** The internal auditors' report states that they found that the Technology Department had an excellent system for tracking all IT items throughout the District but that other assets were not tagged.

- Recommendation #3: Tag all Other Equipment in the District:** The internal auditors ascertained that the scanner system used by the Technology Department could also be used to for all other fixed assets in the district and they recommend the District use the system to "tag" and "scan" all of the School District's Assets.

**Corrective Action Plan:** The District will undergo a District-Wide fixed asset valuation in the 2018-19 school year. The contractor will place barcode tags on all equipment and scan the information to a file that the District can upload to our current system. All future asset purchases will be tagged with a barcode sticker and scanned to our system at the time of purchase.

**Claims Auditor Reports:** An issue that the auditors do not consider high risk pertains to the Claims Auditor Reports. The auditors noticed "that the Claims Auditor's reports were given to the Board in groups of months and not always current".

- Recommendation #4: Monthly Submission of Claims Auditor Reports to the Board:** Because the Claims Auditor is "entrusted with the important job of reviewing all purchases on behalf of the Board," the Board should be informed timely in this area. Therefore, the Auditors recommend that the Claims Audit reports are submitted monthly to the Board.

**Corrective Action Plan:** The Claims Auditor will prepare and submit monthly reports to the Board of Education.