

Ernest Patrick Smith
Lauren M. Agunzo
John K. Hoffman
Michael E. Nawrocki



Darin V. Iacobelli
David M. Tellier
Christopher Angotta

CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

August 28, 2023

VIA EMAIL

Ms. Kathi Kivi
District Clerk
East Ramapo Central School District
105 South Madison Avenue
Spring Valley, NY 10977

Re: Year-End Claims Audit Report for 2022/2023 (Revised)

Dear Ms. Kivi:

Attached please find a copy of our claims audit 2022/2023 Year-End Summary Report (Revised). Please distribute a copy to each of the Board members of the East Ramapo Central School District.

Thank you for your assistance in this matter.

Sincerely yours,

Darin V. Iacobelli

Darin V. Iacobelli, CPA/CFF, CFE

Enclosure

NAWROCKI SMITH LLP

Memorandum

*To: Board of Education
East Ramapo Central School District*

*From: Darin V. Iacobelli, CPA/CFF, CFE
Nawrocki Smith LLP, Certified Public Accountants & Business Consultants*

Date: August 28, 2023

Re: Claims Audit 2022/2023 Year-End Summary Report (Revised)

We have provided claims auditing services to the East Ramapo Central School District for the time period commencing July 1, 2022 through June 30, 2023. The services we performed, as outlined in our initial proposal, included reviewing all claims against the District.

The claims audit function is an integral component of a properly designed system of internal controls. The Claims Auditor is responsible for ensuring that proper documentation and authorization are provided for each claim against the District. This responsibility includes formally examining, allowing, or rejecting all charges, claims, or demands against the District.

We performed the following claims audit procedures during each audit:

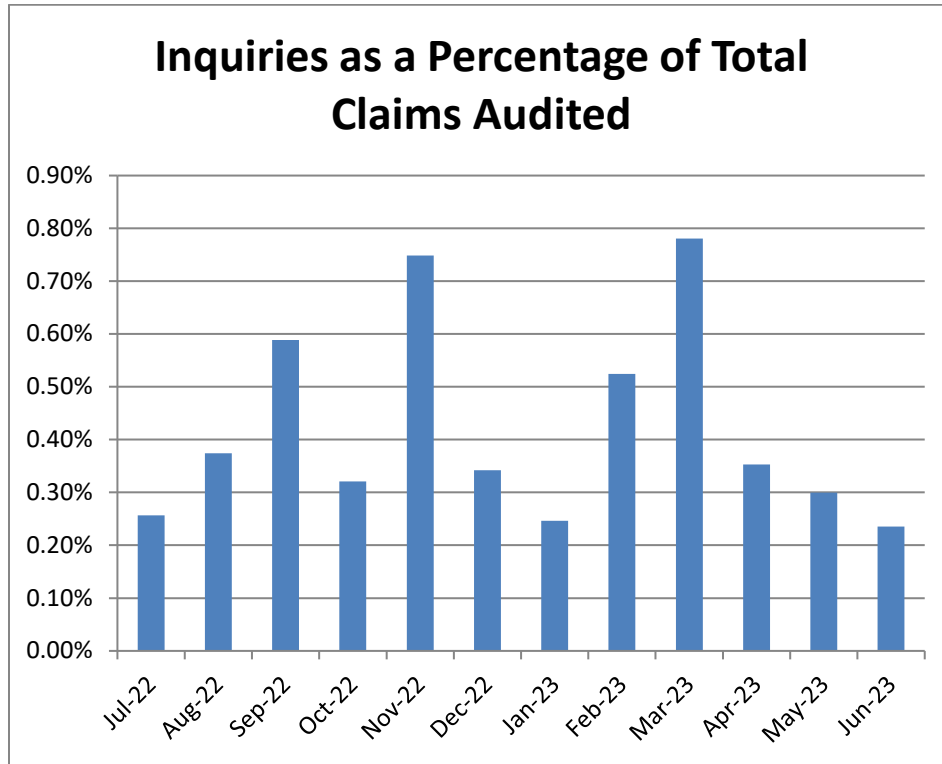
- (1) Verification of the accuracy of invoices & claim forms
- (2) Ensuring proper approval of all purchases; checking that purchases constitute legal expenses of the school district
- (3) Determining that purchase orders have been issued in accordance with Board of Education policy and applicable state laws
- (4) Comparison of invoices or claims with previously approved contracts
- (5) Reviewing price extensions, claiming of applicable discounts, and inclusion of shipping and freight charges
- (6) Approving all charges that are presented for payment which are supported with documentary evidence indicating compliance with all pertinent laws, policies, and regulations

Re: Claims Audit 2022/2023 Year-End Summary Report (Revised)

We applied the above audit procedures to **9,347** claims against the District in the amount of **\$208,026,708.13** during the time period of July 1, 2022 through June 30, 2023. Based upon the audit process applied, we noted inquiries and/or observations pertaining to **474** claims, or approximately five percent (5.07%), which are categorized on a monthly basis as follows:

Reason For Inquiry	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Total
Invoice date precedes purchase order date	11	21	37	20	56	23	16	35	50	23	18	11	321
Incorrect remittance address	5	3	10	3	11	8	5	11	12	8	1	6	83
Invoice over 90 days outstanding	7	10	1	3	1	-	-	1	11	-	5	3	42
Incorrect accounts payable amount	1	1	5	3	2	1	2	2	-	2	4	2	25
Duplicate Payment	-	-	-	1	-	-	-	-	-	-	-	-	1
Missing Voucher Packet	-	-	1	-	-	-	-	-	-	-	-	-	1
Paid sales tax	-	-	1	-	-	-	-	-	-	-	-	-	1
Total Number (#) of Inquiries	24	35	55	30	70	32	23	49	73	33	28	22	474

Provided below is a graphical representation of the number of inquiries as a percentage of total claims during the time period of July 2022 through June 2023:



We would like to commend the Business Office for making necessary records available to us as requested. As a result of the limited number of observations, it is evident that Business Office personnel are making best efforts to comply with the purchasing requirements of the District. In an attempt to assist the District in improving the process, we have noted the following observations/recommendations:

Re: Claims Audit 2022/2023 Year-End Summary Report (Revised)

- 1) We observed that three hundred and twenty-one (321) out of the 9,347 total claims, or approximately three and a half percent (3.43%), were confirming purchase orders (invoice date precedes purchase order date) during the 2022-2023 school year. The practice of issuing confirming purchase orders bypasses the encumbrance process and does not permit the Purchasing Agent to consolidate orders or obtain the lowest possible prices in an effort to minimize costs. Additionally, confirming purchase orders represent that an employee has committed district funds without proper approval.
 - *We recommend that all purchases be subject to the encumbrance process and that purchase orders only be created and approved by the Purchasing Agent. Purchases made on an emergency basis should be supported by a memorandum or letter justifying the confirming purchase order.*

- 2) We observed that eighty-three (83) out of the 9,347 total claims, or approximately one percent (0.89%), had an incorrect remittance address. It should be noted that in all instances the correct address was verified and updated on the mailing envelope prior to release of the check.
 - *We recommend that all remittance addresses noted on invoices be compared to the address printed on the check prior to processing the payment. This will help ensure all payments are sent to the correct address and properly received by the vendor.*

We have observed strong clerical support within the East Ramapo Central School District Business Office as we noted very few, or no, occurrences of:

- Check released prior to audit approval
- Discount not applied
- Duplicate payment
- Invoice greater than purchase order
- Invoice over ninety (90) days outstanding
- Missing receiving signature
- Missing reimbursement form
- Not an original invoice
- Incorrect vendor name
- Paid late fees
- Paid sales tax
- Purchase order detail inconsistent with invoice
- Purchase order not dated
- Purchase order not signed by the Purchasing Agent
- Quote information not attached
- Receipts not itemized
- Services not yet rendered
- Insufficient supporting documentation
- Incorrect check amount
- Incorrect purchase order number
- Reimbursement not in accordance with contract

If you require any further information or have any questions on this year-end summary, please do not hesitate to contact me at our Hauppauge office at (631) 756-9500.