



# MEDINA CENTRAL SCHOOL DISTRICT

## RESULTS OF TESTING FOR THE YEAR ENDING JUNE 30, 2019

Lumsden   
McCormick LLP

CERTIFIED PUBLIC ACCOUNTANTS

Cyclorama Building | 369 Franklin Street | Buffalo, NY 14202

p: 716.856.3300 | f: 716.856.2524 | [www.LumsdenCPA.com](http://www.LumsdenCPA.com)

## RISK AREA: TRANSPORTATION – UNLEADED FUEL PURCHASES AND USAGE

### RISK ASSESSMENT: LOW

<b>OBJECTIVE:</b>	<ul style="list-style-type: none"><li>• To test the accuracy of the District records and disbursements for unleaded fuel purchases from the Village of Medina</li></ul>
<b>TESTING PERFORMED:</b>	<ul style="list-style-type: none"><li>• Judgmentally selected a sample of 23 fuel transactions from the District’s fuel logs maintained by employee for the period July 1, 2018 through March 31, 2019</li><li>• Judgmentally selected a sample of 23 fuel transactions from the Village’s invoices for the period July 1, 2018 through March 31, 2019</li><li>• Determined whether each invoice received from the Village included review by the Transportation Supervisor</li><li>• Determined whether gallons used per District fuel logs agreed to gallons used per Village invoices</li><li>• Determined whether all transactions per Village invoices were present on District fuel logs</li><li>• Determined whether all vehicles were fueled during normal business hours</li></ul>
<b>RESULTS:</b>	<ul style="list-style-type: none"><li>• There was no evidence of review prior to payment by the Transportation Supervisor on any invoice for the period January 1, 2019 to March 31, 2019</li><li>• All 23 transactions agreed to Village activity within District threshold (one gallon)</li><li>• Two of the 23 transactions per the Village’s fuel logs were not present on the District’s fuel logs; transactions were proper but were not recorded by District employees</li></ul>
<b>RECOMMENDATIONS:</b>	<ul style="list-style-type: none"><li>• Review should be documented on each Village invoice prior to payment</li><li>• Inquire of Village as to whether there is a way to receive a receipt upon completion of fueling</li><li>• Have fuel logs maintained by an individual as opposed to by vehicle</li><li>• Track employee detail by month rather than when a page of the log is filled</li><li>• Track fuel usage for vehicles and gas cans separately</li></ul>

## RISK AREA: INFORMATION SYSTEMS

### RISK ASSESSMENT: HIGH

<b>OBJECTIVE:</b>	<ul style="list-style-type: none"><li>• To test employee user access rights within nVision for reasonableness</li></ul>
<b>TESTING PERFORMED:</b>	<ul style="list-style-type: none"><li>• Obtained “Role Membership Report” and a listing of all employees terminated as of 4/25/19</li><li>• Determined whether terminated employees from report provided were included in current user account and permissions report</li><li>• Determined whether current business office employees’ user access rights were reasonable given their job descriptions</li><li>• Determined which employees have access to add and remove user access rights</li></ul>
<b>RESULTS:</b>	<ul style="list-style-type: none"><li>• All employees on the report are current employees of the District</li><li>• Director of Finance and Human Resources has update access to all functions within nVision, rather than access only to modules necessary based on his job description</li><li>• The Director of Finance and Human Resources has access to add and remove user access rights</li></ul>
<b>RECOMMENDATIONS:</b>	<ul style="list-style-type: none"><li>• Ensure employees are only granted access to modules necessary in nVision to complete their job functions and remove access rights from those employees who should not have access to specific areas</li><li>• Assign control over access rights to the Manager of Network and Information Systems, with approval granted by the Director of Finance and Human Resources</li></ul>

## RISK AREA: CAPITAL ASSETS

### RISK ASSESSMENT: HIGH

<b>OBJECTIVE:</b>	<ul style="list-style-type: none"><li>• To gain an understanding of the District's policies and procedures for recording capital asset activity</li></ul>
<b>TESTING PERFORMED:</b>	<ul style="list-style-type: none"><li>• Inquired of Transportation Director, Technology Director, and Buildings and Grounds Director regarding each department's process for recording additions and disposals of capital assets</li><li>• Determined whether documentation maintained by the transportation, technology, and buildings and grounds departments was adequate to monitor additions and disposals</li></ul>
<b>RESULTS:</b>	<ul style="list-style-type: none"><li>• All assets purchased are assigned an asset ID by the District Office upon receipt</li><li>• Each department maintains an "inventory control log" showing additions to capital assets and asset IDs</li><li>• Technology listings are maintained separately through BOCES</li><li>• Disposals are monitored and recorded by each department and submitted to the District Office; disposals are subsequently Board-approved</li><li>• Fixed assets are maintained by a third party and updated annually based on information provided by the District Treasurer</li></ul>
<b>RECOMMENDATIONS:</b>	<ul style="list-style-type: none"><li>• Capitalize only items which individually exceed the District's \$5,000 threshold</li><li>• Consider performing annual walk-throughs to agree items on the listing to physical assets; departments could be rotated each year</li><li>• <b>Asset listings are now maintained by location and department</b></li><li>• Accurate records of items moved from one location to another should be maintained</li><li>• <b>Assets were tagged during appraisal in September 2018</b></li></ul>

## PRIOR RECOMMENDATIONS NOT INCLUDED ELSEWHERE\*

- **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 is not 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**

<b>ACCOUNTS PAYABLE/ PURCHASING</b>	• The person who processes checks should not be responsible for mailing them	<b>1</b>
	• The District should consider aggregate purchases for the year to determine if a bid is necessary	<b>3</b>
	• Consider reviewing annual purchase activity by vendor and establishing purchase order limits based on annual expenditure requirements	<b>3</b>
	• Reconcile open purchase order balances to expenditures in order to effectively monitor spending throughout the year	<b>3</b>
	• Consider review of Superintendent credit card purchases by the Board	<b>3</b>
	• Develop a procedure regarding the use of claim forms	<b>3</b>
	• <b>Duplicate vendors were properly removed when the District implemented nVision</b>	
	• Continue to require that purchase orders are prepared and approved prior to purchase	<b>3</b>
<b>CLAIMS AUDITOR</b>	• Claims auditor should meet with the Board at least annually	<b>1</b>
	• Claims auditor should review purchases to determine if items should be bid	<b>1</b>
<b>PAYROLL</b>	• Reiterate policy of approval by the appropriate person prior to time taken	<b>3</b>
	• To ensure completeness, create a checklist of all forms that should be included in personnel files	<b>1</b>
<b>CASH RECEIPTS</b>	• An account clerk with no responsibility for preparation of deposits should prepare a list of cash receipts as received	<b>1</b>
	• <b>The District is now using tamper-evident bags for deposits</b>	
	• Invoices for foster care students should be generated in the District's accounting software	<b>2</b>
	• The person who generates health insurance bills should not be responsible for collecting health insurance payments and making deposits	<b>1</b>

*This report is intended solely for the information and use of the Audit Committee, Board of Education, and management. It is not intended to be and should not be used by anyone other than these specified parties.*

## PRIOR RECOMMENDATIONS NOT INCLUDED ELSEWHERE\* (con't)

<b>EXTRACLASSROOM</b>	<ul style="list-style-type: none"> <li>• <b>The Board now receives monthly extraclassroom reports</b></li> </ul>	3
	<ul style="list-style-type: none"> <li>• Require student treasurers to reconcile account balances with central treasurers on a periodic basis</li> </ul>	3
	<ul style="list-style-type: none"> <li>• Profit and loss statements should be prepared for all fundraising events and submitted timely to the central treasurers</li> </ul>	3
	<ul style="list-style-type: none"> <li>• Someone with no responsibility for cash should reconcile the bank statements</li> </ul>	1
<b>SPECIAL EDUCATION</b>	<ul style="list-style-type: none"> <li>• <b>Information collected by District personnel is now reviewed for accuracy and completeness prior to the submission to the New York State Education Department by the District's consultant and District personnel now review the consultant's calculation of costs</b></li> </ul>	3
	<ul style="list-style-type: none"> <li>• <b>Actual data is now used to calculate costs</b></li> </ul>	3

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