JAMESTOWN CITY SCHOOL DISTRICT

INTERNAL CONTROLS – CASH DISBURSEMENTS CYCLE

FOR THE YEAR ENDING JUNE 30, 2023

JOHNSON, MACKOWIAK
& ASSOCIATES, LLP
Certified Public Accountants & Consultants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

August 23, 2023

Board of Education of
Jamestown City School District
197 Martin Road
Jamestown, New York 14701

We have performed the procedures enumerated in the attached on certain internal audit procedures of Jamestown City School District as of August 23, 2023. Management and the Board of Jamestown City School District are responsible for the internal audit function of the District. Jamestown City School District has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of assisting the District to understand the nature of the internal audit function. Additionally, management and the Board have agreed to and acknowledged that the procedures performed are appropriate for their purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

We were engaged by Jamestown City School District to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified . Accountants. We were not engaged to and did not conduct an audit or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively on the specified elements, accounts or items. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of management and the Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of management and the Board of Jamestown City School District and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,

Johnson, Mackowiak & Associates, LLP

JOHNSON, MACKOWIAK AND ASSOCIATES, LLP
FREDONIA, NY
August 23, 2023

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OBJECTIVE

The purpose of the internal audit services is to assist the District in making a determination with respect to:

- Whether the District is in compliance with General Municipal Law, Sections 103 and 104, as well as its own internal policies, relating to procurement procedures and competitive bidding requirements.
- Ensuring that purchase orders are issued and properly approved prior to the procurement of goods and services.
- Whether applicable budget appropriations are available prior to the purchase of goods or services.
- Ensuring that voucher packets are complete, reviewed and reconciled.
- Ensuring that adequate segregation of duties exists over cash disbursements

CASH DISBURSEMENTS INTERNAL CONTROLS

The District requested that we analyze the internal controls surrounding cash disbursements to assist in the identification of areas where efficiencies could be realized. As part of the system test, we interviewed multiple personnel within the cash disbursements procedures on internal controls surrounding this area. Our understanding of internal controls based on work performed and the results and recommendations to improve the efficiency of controls are outlined below.

OVERVIEW OF OUR UNDERSTANDING OF CASH DISBURSEMENTS INTERNAL CONTROLS

The cash disbursements process begins once any staff member submits a purchase requisition. This requisition can come from any applicable staff in need of an order of any supplies or materials. In some instances, a blanket purchase order is used for recurring transactions of the same nature. Once the purchase orders have been created, they are reviewed and approved by the Supervisors, Purchasing Agent and the Assistant Superintendent of Finance Operations or the Assistant School Business Executive. If a purchase order for goods and services exceeds the amount of $20,000 and any public work that exceeds $35,000, a bid is required.

The bidding process entails the Purchasing Agent contacting vendors and requesting bids. The Purchasing Agent can also select vendors from lists of bids that are already under New York State contract. The bids are then taken to the board for selection and approval. Once the bids are approved, the merchandise is ordered by the Purchasing Agent.

When the merchandise is received, the Purchasing Agent will review the packing slip and the purchase order approving the quantity received, signing off on the slip. The Accounting Clerk then creates an accounts payable for the vendor for which the merchandise was received. The merchandise is often received at a storage facility that is located off of the school premises which allows for the materials to be disbursed to the schools as needed. The vouchers for payment are then prepared and approved and then entered into the computer by the accounting clerk.

The Account Clerk prepares the checks which are reviewed, signed by the District Treasurer and mailed after approval is given by the Claims Auditor. The Treasurer will record the transaction in the disbursements journal as well as posting the cash disbursement to the General Ledger. The Treasurer

prepares the bank reconciliation to be approved by either the Assistant Superintendent of Finance and Operations or the Assistant School Business Executive. The warrants and bank reconciliations are submitted to the Board of Education for review.

OUR FINDING AND RECOMMENDATION

Conflict of interest – We recommend that the District implement an updated policy on conflict of interest which would require the staff to sign off annually on their independence from the vendors. The staff should review the applicable vendors of Jamestown City School District and disclose if there are any conflicts of interest or related party transactions involving that staff member. The policy should ensure if any conflicts of interest or related party transactions arise there is a process to identify and address and monitor the situation.

IMPLEMENTATION OF RECOMMENDATION

In order to actually realize the potential efficiencies listed in this report, it is essential to assign staff to assess this recommendation, research a solution and oversee the implementation and analyze other changes that can be made to improve efficiencies within the department.