WASHINGTONVILLE CENTRAL SCHOOL DISTRICT

2023 - 2024 INTERNAL AUDIT RISK ASSESSMENT

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT

CONTENTS Page

Transmittal Letter	1
Overview, Objectives, Methodology	2 - 3
Risk Assessment Results and Recommendations	4 - 16
History of Internal Audit Testing and Suggested Testing Order	17

LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

To the Board of Education and Audit Committee
Washingtonville Central School District
52 West Main Street
Washingtonville, NY 10992

We have performed the 2023 - 2024 Internal Audit Risk Assessment for the Washingtonville Central School District. The purpose of this report is to assist the District in complying with the New York State Accountability Legislation of 2005, identify potential risks, and make recommendations to minimize or eliminate those risks.

We have conducted the 2023 - 2024 Internal Audit Risk Assessment by performing certain internal audit procedures that conform to the International Standards for the Professional Practice of Internal Auditing. The updated internal audit risk assessment and related internal audit plan concentrate on the key internal controls in the following organizational areas:

- Governance and Planning
- Accounting and Reporting
- Revenue and Cash Management
- Purchasing and Expenditures
- Facilities, Equipment, and Inventory Controls
- Student Services
- Student Related Data

In performing our assessment, we relied on the accuracy and completeness of the information provided and the individuals providing it. The recommendations provided are based upon the control design represented to us by the District members, and the results of our observations, inquiries and limited testing.

This report includes the results of the internal audit risk assessment, our findings and our recommendations. We have also included additional information that will assist the District in understanding our approach and the framework for internal controls. We are available to discuss the results with the Board of Education, Audit Committee and/or management.

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

RBT CPAs, LLP
Newburgh, NY
April 11, 2024

WASHINGTONVILLE CENTRAL SCHOOL DISTRICT
2023 - 2024 INTERNAL AUDIT RISK ASSESSMENT

Overview

This Internal Audit Risk Assessment report presents our view of the District's risks pertaining to its operations. It gives the District's administration the information necessary to help optimize its overall performance. The report identifies and prioritizes the key program risks so that the District's administration can focus on those areas most critical to its success.

In accordance with the laws of New York, 2005, Chapter 263, all school districts are required to establish an internal audit function. This function should include, at a minimum, development of a risk assessment of district operations, including but not limited to:

- a review of financial policies, procedures and practices
- an annual review and update of such risk assessment
- annual testing and evaluation of one or more areas of the District's internal controls
- preparation of reports which analyze significant risk assessment findings
- recommending changes for strengthening controls and reducing identified risk

Pursuant to Section 170.12 – Regulations of the Commissioner of Education – School District Financial Accountability, each school district must prepare a corrective action plan, approved by the Board of Education, in response to findings in final reports issued by the internal auditor. This plan should include expected dates of implementation and should be filed with the New York State Education Department.

Objectives

The objectives of our engagement are as follows:

- Develop an understanding of the key business processes of the District within each functional area
- Identify and assess risks based on the understanding of the business processes and stated policies
- Identify stated controls that are currently in place to address those risks and ascertain if they are operating effectively
- Recommend improvements in internal controls

Methodology

We have performed an annual update of the District's risk assessment with respect to policies, procedures and internal controls pertaining to the District's operations. The procedures applicable to the annual update of the District's risk assessment were performed to assist the District's administration in determining an internal audit plan for the fiscal year. The risk assessment will be updated annually to reflect any changes in the control environment and the existing internal audit plan.

Our risk assessment methodology included:

- Performing interviews of Administration and other appropriate personnel
- Reviewing the documented procedures within key functional areas
- Identifying key controls and performing selected tests and walkthroughs of those controls
- Evaluating effectiveness of the key controls
- Reviewing the District's organizational structure
- Creating a risk profile and internal audit plan

In addition to the above procedures, we have also evaluated and considered the following within our overall risk assessment:

- District policies and procedures
- Board of Education/Audit Committee meeting minutes
- Financial reports provided to the Board
- Internal and external auditor findings and management letters
- District corrective action plans
- Management's perceived risks
- Organizational chart and job descriptions
- Changes in management or key personnel
- Risk of diversion or loss of assets
- Complexity and volume of the activity and transaction process
- Changes in technology
- Changes in regulations or regulatory emphasis
- Recent focus areas of State Comptroller Audits and the Media

We considered the following factors in our assessment of each area's risk:

- Inherent Risk - The susceptibility of an account or process to error, fraud, waste or abuse that could be material, assuming there were no related internal controls.
- Control Risk - The risk that material errors or fraud will not be prevented or detected by the internal control system.
- Probability - The likelihood that fraud or error could occur in the area within the next 2 years.
- Impact - The probable impact on the District if fraud or error were to occur.

Based upon the results of our procedures performed and consideration of the various factors noted above, the organizational areas have each been assessed an overall level of risk (high, medium or low).

Our Internal Audit Risk Assessment results and findings are detailed on the following pages.

GOVERNANCE AND PLANNING

GOVERNANCE AND CONTROL ENVIRONMENT				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Lo	Unlikely	Major	Medium

SUMMARY OF CONSIDERATIONS

Demands on staff, management turnover, long range planning, policies, code of ethics, corrective actions, training, required vacations, positive tone at the top, fraud policy, compliance, Board report review, job descriptions, disaster recovery plan, open communication line, conflict of interest.

NOTES AND OBSERVATIONS

Board meetings are set at the beginning of the year and can range from one to two hours long. The Board regularly reviews reports that District administration and staff provide at meetings. The District utilizes its website to post all meeting notices, minutes, policies, budget information and contact information. All additional documentation reviewed at the Board meetings is also posted on the District website along with video footage of the actual meetings. The District has a policy that governs the reorganization meeting. All Board members have completed the required fiscal and governance training. A Conflict of Interest policy is included in the Board's code of ethics. The District has established an internal audit function and writes corrective action plans for the external and internal audits. The District's June 30, 2023 single audit did not have any findings and therefore did not require a corrective action plan. The District has adopted all but one of NYSSBA's legally required policies as of February 5, 2024. RBT noted that the District does not have policy 8140 - Unsafe School Transfer Choice. Board Members and District staff attend training and the District Board has an audit committee, which includes a community member. The Board regularly receives a Treasurer's report including: a Treasurer's Student Activity Report and Student Trust Report stating opening cash balances and funds available, an Appropriation Status Report comparing budget to actual, Revenue Report, Budget Transfers for the Month, Bank Reconciliations, and Cash Disbursements.

RBT noted that the board meets twice each month. Two of the seven board members are new this year.

RECOMMENDATIONS

RBT recommends posting the audit committee's charter and current meeting minutes on the District's website. RBT also recommends review of policy 8140 - Unsafe School Transfer Choice and adoption if it applies.

STRATEGIC PLANNING, BUDGET DEVELOPMENT AND BUDGET ADMINISTRATION				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Lo	Unlikely	Major	Medium

SUMMARY OF CONSIDERATIONS

Mission statement, annual Board goals, performance measures, communication, realistic goals, open forum, priorities establishment. Budget policy, fixed asset replacement, reserves, funding priorities, budget transfers, mass encumbering, budget to actual reviews by appropriate people, fund balance projections, debt incurrence, fiscal goals, economy.

NOTES AND OBSERVATIONS

The District has a mission statement, a vision statement and sets annual board goals. The District's website also contains contact information for all District administration and Board Members. The goal of the District is to cultivate a culture of respect to ensure the school district is welcoming for everyone. The District's vision is a school commnuity in which every student and adult will experience a caring, equitable, and inclusive educational environment where all are valued. The District contracted with a consultant to assist with the strategic plan in the spring of 2023 and since then the 2023-2024 strategic plan has been completed.

The District has several adopted policies regarding the planning, reviewing and adopting of the annual budget. Budget transfers in excess of $30,000 require approval from the Board of Education. Department heads and certain District personnel are allowed to make budget transfers within their own budget, subject to approval by the Assistant Superintendent of Business and Superintendent. The Assistant Superintendent for Business met with all Principals, Directors and Department chairs and provided them with a Budget Prep Manual for 2024-25. This manual is a guide outlining the budget process, each person's responsibilities and due dates. During budget development, District administration will review the current tax cap, fiscal goals, and fund balance projections in order to develop a preliminary budget to meet District needs. Budget planning is a year-round process involving participation of District-level administrators, principals, directors, coordinators, teachers, and other personnel. Budget details are entered directly in NVision by whoever is responsible for entering the budget for each building/department. The Assistant Superintendent for Business provides instructions explaining how to enter this information in NVision, along with additional information to assist personnel in the development of their budgets. The Assistant Superintendent for Business is responsible for making budget presentations to the Board. The budget is presented to the Board and the public through a series of sessions until the complete preliminary budget is approved by the Board prior to the public vote. The District publishes a snapshot and various other publications detailing the current and prospective budgets directly on the District's website.

RECOMMENDATIONS

RBT recommends posting the strategic plan on the District's website after adoption.

ACCOUNTING AND REPORTING

ASSESSING FINANCIAL CONDITION				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Lo	Unlikely	Major	Medium

SUMMARY OF CONSIDERATIONS

District's financial position and monitoring techniques, fund balance maintenance, long term debt analysis, reserves, ratio analysis.

NOTES AND OBSERVATIONS

The Board directs the Assistant Superintendent for Business to keep informed of changes in state and/or Government Accounting Standards Board (GASB) accounting requirements and to implement changes, as appropriate. The Board also directs the Treasurer and Assistant Superintendent for Business to keep the Board informed of the financial status of the District through monthly cash reconciliation and budget status reports and annual fiscal reports, including periodic projections of the year end fund balance.

The District is audited annually by an independent certified public accountant. The Superintendent is responsible for responding to all audit findings and recommendations.

RECOMMENDATIONS

None noted.

FINANCIAL ACCOUNTING AND REPORTING				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Lo	Possible	Major	Medium

SUMMARY OF CONSIDERATIONS

Review of accuracy, timeliness and completeness of internal and external financial reports, accounting system, approvals, segregation of duties, claims auditor, commingling of funds, bank reconciliations, accruals, journal entry review, cash flow projection.

NOTES AND OBSERVATIONS

On a monthly basis, the District Treasurer performs bank reconciliations for all of the funds, including Extraclassroom Activities. The Treasurer or Assistant Superintendent for Business are the designated District signatories. A copy of all reconciliations are kept in the folders with the bank statements and Treasurer's Report. The Treasurer identifies and enters all journal entries in nVision software. She provides supporting documentation and journal entries to the Assistant Superintendent for Business to review. The Assistant Superintendent for Business approves the entry in nVision. Once the journal entry is electronically approved, it automatically posts in the system. The Treasurer enters all encumbrances into nVision before the release of purchase orders and the encumbrances are reduced when payments are made throughout the school year.

RECOMMENDATIONS

None noted.

AUDITING				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Lo	Possible	Major	Medium

SUMMARY OF CONSIDERATIONS

Review of District's annual financial statement audits, and the Federal Single Audit are completed and submitted by the due dates. The Annual Financial Report (ST-3) is published in the newspaper, as required by Education Law Sections 1721 and 2528 and Commissioner's Regulation Section 170.2. The Board Clerk publishes a public notice of any completed audit reports. Corrective action plans are prepared for all findings cited in audit reports.

NOTES AND OBSERVATIONS

External audits are performed annually. The external audits for the year ended June 30, 2023 both had unmodified opinions and did not contain any material weaknesses or significant deficiencies. The auditor's opinions on the District's June 30, 2023 annual audited financial statements, including the federal single audit and extra classroom audit, were dated September 22, 2023. The audited financial statements were submitted to the state on November 15, 2023. The annual financial statements had a clean opinion, however, the documents were not filed on time. The District also filed the ST-3 late. The audit report was approved by the Board on November 9, 2023.

RECOMMENDATIONS

RBT recommends that the District establish procedures to ensure that the audited financial statements and ST-3 are filed on time.

STATE AID AND GRANTS				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
High	Med-Lo	Possible	Manageable	Medium

SUMMARY OF CONSIDERATIONS

System to track and submit claims, checklists, timely reports, documentation, compliance requirements.

NOTES AND OBSERVATIONS

The Director of Pupil Personnel Services is responsible for managing funded Title Grants. State aid and grants are monitored by the District's Business Office. The District utilizes various online databases offered by the State Aid Agency to track and submit claims. The District Accountant and various secretaries use the NYSED calendar to ensure they meet reporting deadlines. The Director of Pupil Personnel Services oversees reporting for Special Education. A portion of Superintendent Conference days is utilized to communicate compliance requirements to staff. The District outsources Medicaid billing for the District. The District's Accountant monitors the receipt and spending on the 611 and 619 grants to ensure the District utilizes all grant funds awarded to the District. Systems are in place to ensure timely reporting.

RECOMMENDATIONS

None noted.

REVENUE AND CASH MANAGEMENT

CASH RECEIPTS AND REVENUE				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
High	Medium	Possible	Major	Medium

SUMMARY OF CONSIDERATIONS

Cash Receipts procedures, segregation of duties, recording, deposit frequency, bonding, receipt issuance.

NOTES AND OBSERVATIONS

A designated employee of the Business Office opens and receives all mail and logs cash receipts into an Excel sheet noting who the check is from and the amount. All of the District's deposits are prepared by making copies of checks or cash receipts and stamping them "received" as of the date received. Access to cash is restricted through use of a safe and locked bank bags. The District Treasurer will ensure that deposits are posted to the correct account. The District Courier picks up deposits in the morning. Deposits received after the morning are placed into the safe until the next morning. The District Treasurer takes the backup and posts the information into nVision software. Deposit slips and receipts are attached to the copies of the deposit, the Excel sheet is updated with the deposit date, and documentation is filed. The District does not utilize remote deposit or Positive Pay. School Lunch prepares its own deposits and follows the same process with locked bank bags and the District Courier. School Lunch forwards the deposit slips to the District Treasurer on a weekly basis.

The District collects school taxes from September until mid-November. The Tax Collector is responsible for collection of all taxes. Residents have been instructed to send all tax payments to the District's lockbox at TD Bank. The District also accepts online credit card payments. All taxpayers who pay for prior year bills need to remit payment to the County.

RECOMMENDATIONS

RBT recommends including the date checks were received in the Excel cash receipts log. This change would be helpful when reviewing for checks not yet deposited or when someone calls to ask about the timing of when their check will clear the bank. RBT also recommends that the District utilize remote deposits to streamline the cash receipt process.

CASH MANAGEMENT AND INVESTMENTS				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Lo	Possible	Major	Medium

SUMMARY OF CONSIDERATIONS

Authorizations, documentation, policy to determine excess money, collateralization, general municipal law requirements.

NOTES AND OBSERVATIONS

On an annual basis, the Board of Education will review and approve the bank accounts maintained by the District. RBT noted that all bank accounts held by the District were approved in the reorganization minutes. Online banking is utilized daily by the District to perform wires and transfers, check account balances, review transactions, and scan for suspicious activity. The District Treasurer usually prepares the wires. The Assistant Superintendent for Business reviews and releases the wires. The District has an Investment policy, Online Banking policy, and Electronic or Wire Transfers policy. Monthly, the District Treasurer reviews the District's collateral statements to ensure that the District is adequately collateralized. The District Treasurer, Purchasing Agent, and Deputy Purchasing Agent are all bonded.

RECOMMENDATIONS

None noted.

PETTY CASH				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
High	Low	Unlikely	Insignificant	Medium

SUMMARY OF CONSIDERATIONS

Authorization, responsibility, limits, documentation, uses, audits.

NOTES AND OBSERVATIONS

The District has a Petty Cash Funds and Cash in School Buildings policy. According to the District's Petty Cash policy, a petty cash fund of no more than $100 will be maintained by the District Office and in each school building in a secure location. Payments from petty cash funds may be made for materials, supplies, or services only when payment is required upon delivery. The District documented petty cash assignments in the reorganization meeting minutes; however, RBT noted that the amount issued per the general ledger was $100 higher than the amount authorized in the reorganization minutes.

RBT noted that there were no emails or receipts to indicate which buildings requested petty cash.

RECOMMENDATIONS

RBT recommends requiring buildings to affirmatively request the issuance of petty cash funds and ensuring that petty cash is only issued to schools/departments authorized in the reorganization minutes.

PURCHASING AND EXPENDITURES

PURCHASING				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Hi	Unlikely	Major	Medium

SUMMARY OF CONSIDERATIONS

Purchasing agent designation, procurement policy, bidding, independence, quotes, purchase order system, cooperative bidding, vendor maintenance, approvals, blanket purchase orders.

NOTES AND OBSERVATIONS

The District has adopted a Purchasing policy. The Purchasing Agent and Deputy Purchasing Agent are appointed in the reorganization meeting minutes. The District has specific purchasing and expenditure guidelines as noted on the District website in the adopted Purchasing policy. The Assistant Superintendent for Business is the appointed Purchasing Agent and the Assistant School Business Administrator is the Deputy Purchasing Agent per the reorganization minutes. The District follows General Municipal Law ("GML") requirements to obtain competitive bids for purchase contracts that exceed $20,000 and public works contracts that exceed $35,000. The procurement policy includes requirements for acquiring verbal and/or written quotes for acquisitions below the GML thresholds.

All purchase orders are approved by the Assistant Superintendent for Business/Purchasing Agent. All purchase orders are maintained in nVision and the only paper purchase orders ("POs") used are for the Extraclassroom Activity Fund. Department heads can create purchase orders in nVision. Blanket POs are created by the requester at the beginning of the school year. When sealed bids are needed, the Secretary to the Assistant Superintendent for Business will assist with soliciting bids. The District follows the Procurement policy when soliciting competitive bids. The District's Accounts Payable ("AP") Clerk maintains vendors in nVision. Although the AP Clerk maintains accounts payable and vendors, all payments made by the District go through an audit from the Claims Auditor. District personnel cannot create POs within negative budget lines. The District will make budget transfers as needed to make payments. The AP clerk also reviews a budget to actual report to ensure that there are no budget transfer issues.

RECOMMENDATIONS

None noted.

ACCOUNTS PAYABLE AND CASH DISBURSEMENTS				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
High	Med-Lo	Possible	Manageable	Medium

SUMMARY OF CONSIDERATIONS

Procedure review from invoice receipt to payment, including: check stock, authorizations, wire transfers, PO and receiving report matching, discounts or penalties, signatures, mailing procedures.

NOTES AND OBSERVATIONS

The District's Accounts Payable ("AP") Clerk pays all of the bills for the District. All disbursements originate either from a purchase order or a check request form. Maintenance is the only department that may bypass this process as the nature of their requests are typically emergencies. When bills arrive at the District office, the AP Clerk reviews all check requests/purchase orders, matches them to the invoices, and enters them into nVision. The AP Clerk then creates a warrant and updates it for all bills processed during the week. Any issues or questions noted by the AP Clerk are discussed with the Purchasing Agent or directly with the employee who submitted the request. The AP Clerk then assembles all of the matched purchase orders/check requests with the invoice and/or other documentation into a packet. The warrant and packet are then reviewed by the Claims Auditor. The Claims Auditor checks the payee addresses by comparing information in the system to the invoice - any discrepancies are investigated. The District pays bills weekly and only after the Claims Auditor stamps the warrant as approved. Sales tax is reviewed for payment by the AP Clerk and the Claims Auditor. After the Claims Auditor approves the warrant, the District Treasurer prints the checks. The Claims Auditor then reviews the physical checks and matches the payee, amount, and address to the approved warrant. The AP Clerk then mails the checks and attaches the check stub to the invoice packet. The Claims Auditor's Report covering warrants is reviewed by the Board on a monthly basis. RBT reviewed a few purchases made by the District and noted that they complied with all District policies and procedures.

The District is now requiring requisitioners to include more detail on the purchase orders and has reduced the number of blanket purchase orders being used.

RECOMMENDATIONS

None noted.

PAYROLL AND PERSONNEL				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
High	Med-Hi	Likely	Manageable	Medium

SUMMARY OF CONSIDERATIONS

Controls, procedures, documentation over hiring, termination, timesheets, check distribution, benefits, withholdings, salary vs. paycheck, OT, employee handbook, 1099s, fingerprinting, signed contracts, payroll audits, accrual calculation.

NOTES AND OBSERVATIONS

The Director of Personnel handles all hiring within the District, as well as staff investigations, terminations, and negotiations. When positions open at the District, they are approved by the Board and then posted online. Department heads/building principals screen and interview all potential candidates. Nominated candidates are now electronically on-boarded by the Human Resources ("HR") Office, including: fingerprinting, background checks, credentials and reference checks, etc. Onboarding has been automated using the HR module, which is as follows: 1) HR sends the new employee a link to access and complete forms; 2) Once employee is approved in the system, Google and Active Directory accounts are automatically generated by the system; 3) When HR marks an employee as inactive, these accounts are automatically turned off. All new employees are set up in nVision. Personnel files are kept in a locked filing cabinet. For terminated employees, HR will contact the Director of IT in order to have the terminated employee deactivated in the security system and remove their access to District software. The District started doing exit surveys and is in the process of implementing an all digital off-boarding process.

Payroll is processed twice a month. All employees use direct deposit. Only custodians, food service, grounds and maintanence workers punch in and out using ID cards through Timepiece time keeping system. Overtime hours for bus drivers, subs and monitors are submitted and approved through paper claim forms. Prior to finalizing payroll, a comparison report is run that compares current pay information to prior pay. Changes are investigated to make sure information is correct. The Treasurer also reviews the comparison report and indicates her review and approval via email. This email, along with support for changes and the comparison report are saved electronically for future reference. Once the Treasurer indicates her approval, payroll is processed. A District laptop is also provided so that payroll can be processed remotely, if needed. RBT noted that currently no one is trained as the Payroll backup.

RECOMMENDATIONS

RBT recommends considering utilizing electronic timekeeping for transportation, subs and monitors to increase the efficiency and accuracy of tracking time for purposes of payroll. RBT also recommends training someone in the District office as the payroll backup.

TRAVEL AND CONFERENCES				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Hi	Possible	Manageable	Medium

SUMMARY OF CONSIDERATIONS

Approval, rates, policy, attendance checklists, credit cards, tax exempt status, advances, required forms.

NOTES AND OBSERVATIONS

The District utilizes Travel/Conference Request Forms for all conferences. The District has adopted a Conference/Travel Expense Reimbursement policy (6161), which is available on the District website. All conference travel must have a completed Travel Conference Request Form on My Learning Plan that has been approved by the appropriate supervisor. Employees are reimbursed for mileage at the IRS rate. The policy states that the District will not reimburse New York State sales tax for lodging, but the District will reimburse sales tax on meals. District employees include documentation of mileage along with a mileage map for support of mileage reimbursement requests.

RBT reviewed a select number of travel and expense reimbursement payments and noted that disbursements pertaining to travel/conference were in line with the District's policies and procedures.

RECOMMENDATIONS

None noted.

FACILITIES, EQUIPMENT AND INVENTORY CONTROLS

FACILITIES MAINTENANCE				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Lo	Possible	Major	Low

SUMMARY OF CONSIDERATIONS

Long range plan for replacement, safety and maintenance activities, energy conservation.

NOTES AND OBSERVATIONS

The Assistant Superintendent for Operations & Security and the Construction Manager are responsible for tracking and monitoring capital projects. Heating systems are all programmed so they only "run" when a building is occupied. Supplies are kept in the buildings and in Central Supply. The head custodian picks up supply replenishments from Central Supply. School Dude is used to track work orders. The Assistant Superintendent for Operations & Security prepares the work order schedule and assignments each day.

HVAC applications require two factor authentication and are segregated from the main network. Access to the applications runs through TeamViewer rather than with direct access. Security camera programs have also been segregated from the main network.

Several concerns were raised regarding the loading dock area (inside and out). If the delivery driver does not notify the main office, the delivery could sit on the loading dock for hours before anyone realizes boxes are out there. Employee ID cards are used to punch in and out. There are no security cameras in the area to ensure that employees aren't using other people's ID cards to punch them in/out. Custodial keys are stored in an unlocked cabinet.

RECOMMENDATIONS

RBT recommends installing a bell or similar method for delivery notification, installing a security camera by the time clock, and moving the custodial keys to a secured area or positioning a security camera to cover the key storage area.

FACILITIES CONSTRUCTION				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Lo	Unlikely	Major	Medium

SUMMARY OF CONSIDERATIONS

Approvals, debt, State filings and authorizations, capital project recording, funding used properly, construction costs review and approval procedures, professionals consulted.

NOTES AND OBSERVATIONS

For capital projects, the District collaborates with the construction manager and architect to identify potential projects. The Director of Operations and Maintenance is heavily involved to ensure that the projects are completed on time before the start of a new school year. The previous capital project was on time and under budget. The District has a long-term financial plan for capital projects. The Treasurer tracks all of the expenses related to capital projects. The Treasurer also ensures that the construction manager and the O&M Director have approved the capital project expenses. The expense goes through the normal process of being entered as an expense in nVision but the invoice for payment will only be sent if the architect certifies the application for payment, and the invoice has sign-offs from the construction manager and the O&M Director. Once the project is completed, the Treasurer and the Assistant Superintendent for Business will collaborate to report the final cost payments to NYSED.

RECOMMENDATIONS

None noted.

INVENTORY CONTROLS				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Hi	Unlikely	Manageable	Medium

SUMMARY OF CONSIDERATIONS

Recognition and recording of new capital assets, insurance, recording asset disposals, Board approvals, policies, responsibility, ID tags, inventory system, security, physical inspections, thresholds.

NOTES AND OBSERVATIONS

Per District policy, fixed assets are recorded in the fixed asset tracking program. At the end of the year, the expenses are reviewed to make sure all items over the District's Capitalization policy have been added and a complete asset listing is generated for the District to use during the year-end audit. The District contracted with AssetWorks through a BOCES agreement to conduct a field inventory of certain assets owned by the District. A physical inspection of assets was conducted on August 21, 2023 with an effective date for accounting purposes of June 30, 2023. The District will use an outside service annually to update the asset listing.

RECOMMENDATIONS

None noted.

STUDENT SERVICES

STUDENT TRANSPORTATION				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Hi	Possible	Major	Medium

SUMMARY OF CONSIDERATIONS

Policies for transportation eligibility, bidding, submissions, aid, bus inspections, driver qualifications, contracts, mileage records.

NOTES AND OBSERVATIONS

The District provides transportation within the District using its own buses and drivers. The District contracts out the transportation for most private, special education and parochial schools. Buses are on a 10 year replacement rotation.

The Head bus driver is responsible for maintaining paperwork and making sure everything is in good order. The dispatcher is responsible for routing, complaints, and scheduling drivers. The head mechanic oversees the shop, including fuel and also drives a bus five days per week. There is one mechanic that doesn't drive any routes so that someone is always available in the shop in case a bus breaks down or has some sort of emergency. The District continues to pay a significant amount of overtime due to bus driver shortages.

The Supervisor of Transportation is responsible for approving invoices after the parts and contracted items are noted as received by the head mechanic. He also verifies and approves fuel costs before sending to AP for payment. Fuel is through state contract.

RBT noted that the transportation building is relatively small. There is only room for two buses in the back and one more in the front. The space is fairly old and could use some upgrades to be more efficient.

RECOMMENDATIONS

RBT recommends that the District evaluate whether the transportation building adequately meets its needs and, if not, develop a plan for future upgrades.

FOOD SERVICE				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Lo	Possible	Manageable	Low

SUMMARY OF CONSIDERATIONS

Internal/external, transaction controls at cash collection points, inventory controls and security, monitoring, free and reduced lunch controls, bidding, sales tax, notifications, adult meals, donated surplus, aid.

NOTES AND OBSERVATIONS

Effective 11/1/2023, the District qualified for Community Eligibility Provision (CEP). This program entitles all students to have free breakfast and lunch, regardless of income. CEP will be in place for the next four years.

A la carte items are still offered, but students are required to pay for these items. At the end of the day, each cashier proofs out the cash register drawer. The money is recounted by two people and compared to the register. The deposit is prepared by the Kitchen Manager of each building. Management signs off and it is locked overnight at the school. The next morning the deposit is brought to the food service office by courier in a locked bag and the food service director's assistant compares the deposit to the point of sale system print out and deposit ticket. Money is placed into sealed drop bags and taken by courier to the bank. Receipts are picked up the next day from the bank and returned to the Food Service Office. The Food Service Office gives copies of the deposit tickets and bank receipts to the District Treasurer daily. Online food service deposits for students that add money to their accounts and food service reports are sent to the District Treasurer monthly.

The Food Service Dept. processes food service invoices. All invoices are given to the Director of Food Services to approve after the Food Service Asst. reviews. The assistant runs a tape of all invoices, records them on POs, and gives them to the Director of Food Services. He initials the tape, invoices and POs. All of this is given to the Claims Auditor to review and approve. Once the Claims Auditor approves, she gives the invoices and support to Accounts Payable (AP) to pay the invoices. The Food Service Assistant prepares sales tax quarterly. Support is sent to the Claims Auditor for review and then payment is made by AP. All invoices are reviewed and approved by the Food Service Director initially when they come in and again before sending to AP. At the beginning of the year, he checks to make sure pricing is correct.

Physical inventory counts are done monthly by each Building Food Service Manager. The Food Service Director reviews the main freezer and dry storage. The Food Service Director also does random inventory checks throughout the year to see how accurate the schools are.

Food service is still dealing with lingering supply chain issues. The Food Service Director tries to stock up on items that are difficult to obtain. He works with many different vendors to get the highest quality food at the best price available. The Food Service Dept. continues to face staffing shortages and lack of applications. Subs are limited. The Food Service Director also noted some equipment needs to be replaced due to age. He is trying to slowly replace these items but expects the process to be slow due to costs.

RECOMMENDATIONS

None noted.

EXTRACLASSROOM ACTIVITY FUNDS				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
High	Low	Almost Certain	Manageable	Medium

SUMMARY OF CONSIDERATIONS

Oversight and authorization of organizations and cash, event admissions, adherence to SED and Board policies, procedures, activities.

NOTES AND OBSERVATIONS

There are a total of about 40 clubs. The Central Treasurer has created student club binders containing all necessary forms and guidance. Each club gets a binder at the beginning of the year. The advisor has to sign off on the binder as evidence of receipt. The Central Treasurer meets with each treasurer individually to go over the binder. Clubs keep all of their documents in that binder and turn it in at the end of the year. The binder also keeps the history of the club. The clubs have to get approval for fundraisers from the principal and the board. The Central Treasurer receives a copy of the board approved fundraisers every month. The clubs send monthly activity reports to the Central Treasurer with ending balances.

The club treasurer or advisor brings deposits to the Central Treasurer along with a cash reconciliation sheet. The Central Treasurer gives them a treasurer's receipt. There are two separate bank accounts and "Funds": "Extraclassroom" and "Student Trust Fund". The District Treasurer records the amounts from each deposit to the appropriate activity in nVision. The Central Treasurer then gives deposit information to the Account Clerk when she gets back from the bank. The Account Clerk records transactions in the receipts log. The Central Treasurer checks nVision the next day to ensure that the District Treasurer and Account Clerk have recorded the amounts correctly.

Clubs fill out a 2-part voucher to request payment. This voucher requires three signatures from the student treasurer, advisor, and principal. Attached to the voucher is a copy of the invoice. The Central Treasurer checks for available funds, records in nVision and issues a check. The Central Treasurer signs the check and the Claims Auditor verifies payment information each check run. The District Treasurer performs the bank reconciliation. Clubs create a profit and loss statement for every fundraiser, and the Treasurer signs and sends it to the Central Treasurer. The Central Treasurer files an annual sales tax return. She will also follow up with vendors if an invoice doesn't include sales tax and will request a revised invoice.

RECOMMENDATIONS

None noted.

STUDENT DATA

ATTENDANCE				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Low	Med-Lo	Unlikely	Major	Medium

SUMMARY OF CONSIDERATIONS

Procedures and controls, policies, record keeping, report submissions.

NOTES AND OBSERVATIONS

The District has adopted a Student Attendance policy. The District utilizes the SchoolTool student management system to maintain records of each student's presence, absence, tardiness, and early departure. All District staff and non-District staff track student attendance. All data is reported to the New York State Student Information Repository System (SIRS). Building staff (monitors, greeters, building secretaries) have access to SchoolTool daily and can monitor late attendances or early leave. District building administration has access to review students' attendance. The District has procedures in place to contact guardians and families for student absences. The Superintendent verifies all attendance records by affirmation. The District keeps electronic attendance records and other documents supporting reported counts for the appropriate number of years as specified by the State Archives and Records Administration's (SARA) "Records Retention and Disposition Schedule ED-1". All attendance reports are submitted accurately and on time through coordination with Edutech.

RECOMMENDATIONS

None noted.

RELIABILITY OF STUDENT PERFORMANCE DATA				
Inherent Risk	**Control Risk**	**Probability**	**Impact**	**Overall Risk**
Medium	Med-Lo	Possible	Major	Low

SUMMARY OF CONSIDERATIONS

Data accumulation responsibilities, training, data assessment, security, accuracy, record keeping.

NOTES AND OBSERVATIONS

The District has adopted policies governing this area. The Director of Data Management and Technoloy is responsible for reporting Basic Educational Data System (BEDS), Teacher and Student Linkage, Dignity For All Students Act (DASA), and all other non-special education related reporting. The District tracks and reports poverty through Nutrikids software and free and reduced lunch. The District accumulates all test scores, enrollment, and cohort data in SchoolTools. Edutech imports this information and reports it to a data warehouse. The Superintendent and Assistant Superintendent for Curriculum and Instruction review the School Report Card or other officially published reports as tools to make improvements in student performance. The District uses data calendar alerts and works with Edutech to ensure all data is filed timely.

The District continues to use a cybersecurity monitoring service - Checkpoint. It monitors the systems 365 days a year and can immediately react to a situation (i.e. quarantining computers or shutting down applications), then notify the Director of Data Management and Technology so that the IT team can resolve the situation. The District also continues to supply annual cybersecurity training to employees. During the year, the District implemented two-factor authentication for every employee that has an email address even if they don't access email or the network often (i.e., bus drivers). All employees have key fobs that get a code for access, or an app can be downloaded on their cell phone. This was rolled out slowly, building by building. Employees are required to enter a new code every 12 hours. This two-factor authentication helps with security for any programs that are accessed by Google, including student data.

RBT noted that the District outsourced the data specialist work for state reporting to an outside vendor, Edutech. This company has been in place since November, but the Director of Data Management and Technology is not sure if the vendor is going to work on a long-term basis and will be deciding whether they need to hire someone or continue to use this service to meet state reporting requirements.

RECOMMENDATIONS

RBT recommends that the District continue to review the work performed by Edutech to determine if the vendor is an effective solution for meeting state reporting requirements.

History of Internal Audit Testing and Suggested Testing Order

Audit Area	Overall Risk	Suggested Testing Order	2023 - 2024	2022 - 2023	2021 - 2022	2020 - 2021
GOVERNANCE AND PLANNING						
Governance and Control Environment	*Medium*					
Strategic Planning, Budget Development and Budget Administration	*Medium*					
ACCOUNTING AND REPORTING						
Assessing Financial Condition	*Medium*					
Financial Accounting and Reporting	*Medium*					
Auditing	*Medium*					
State Aid and Grants	*Medium*					
REVENUE AND CASH MANAGEMENT						
Cash Receipts and Revenue	*Medium*					
Cash Management and Investments	*Medium*					
Petty Cash	*Medium*					
PURCHASING AND EXPENDITURE						
Purchasing	*Medium*	2				
Accounts Payable and Cash Disbursements	*Medium*			X		
Payroll and Personnel	*Medium*	1				X
Travel and Conferences	*Medium*					
FACILITIES, EQUIPMENT, AND INVENTORY CONTROLS						
Facilities Maintenance	*Low*					
Facilities Construction	*Medium*					
Inventory Controls	*Medium*	3				
STUDENT SERVICES						
Student Transportation	*Medium*				X	
Food Service	*Low*					
Extraclassroom Activity Funds	*Medium*		X			
STUDENT RELATED DATA						
Attendance	*Medium*					
Reliability of Student Performance Data	*Low*					