

Clarence Central School District

*Risk Assessment,
Recommendations
and Findings for 2025*



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Clarence Central School District
Risk Assessment,
Recommendations and Findings
for 2025

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To the Board of Education
Clarence Central School District

We are pleased to report on the Internal Control procedures specific to the Facilities and Asset Management process of the Clarence Central School District (the "District"). We tested the Facilities and Asset Management process as a result of our Risk Assessment Report dated January 23, 2025. The purpose of our engagement is to provide recommendations to strengthen controls and reduce the identified risks. This report was developed from inquiries, observations and tests of internal control.

The District's risks are the risks that an action or event will adversely affect its ability to successfully achieve its objectives. The Risk Assessment section of this report analyzes the findings that were identified during our engagement.

For purposes of this report, internal control is a process affected by the Board of Education (the "Board"), department heads and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the reliability of financial reporting and safeguarding of assets. We have evaluated the District's current internal controls specific to the Facilities and Asset Management process and have provided our risk assessment and recommendations for strengthening controls and reducing identified risks.

As noted, the purpose of our engagement was to assist you in improving the internal controls and reducing the risks that face your District. However, it is ultimately your responsibility to assess the adequacy of your risk management system. In performing our engagement, we relied on the accuracy and reliability of information provided by District personnel. We have not audited, examined or reviewed the information and express no assurance thereon.

The accompanying comments and recommendations are intended solely for the information and use of the Board, department heads and others within the District and should not be used for any other purpose.

We appreciate the opportunity to serve you and thank the individuals in your District for their cooperation. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience. Through our ongoing involvement with you as a client and our knowledge of your processes, we would be pleased to perform any additional studies of these matters or to assist you in implementing the recommendations.

Tronconi Segarra & Associates LLP

Williamsville, New York
March 19, 2025

Risk Assessment

Clarence Central School District

Risk Assessment

Overview

The Clarence Central School District's (the "District") risks are the risks that an action or event will adversely affect the District's ability to successfully achieve its objectives. During our engagement, we became aware of various sources of risk that impact the District. We evaluated these risks by using two distinct assessments of impact and likelihood. A simple rating scale has been developed for this purpose. The rating scale ranges from minor to significant impact, and low to high likelihood, using a 3-point scale.

Impact refers to the extent of the consequences or implications if the risk does occur. To assess impact, we have determined how much of an impact the risk has if it does occur:

- A minor impact suggests that the risk would not have important implications to the District.
- A moderate impact suggests that the risk could have implications for the District's ability to succeed.
- A significant impact suggests that the risk would have important implications to the District.

Likelihood refers to the probability that the risk may occur given the current context of the District. To assess likelihood, we have determined how likely it is that the risk will occur in the future, given what is currently done to manage said risk:

- A low likelihood suggests that the risk is unlikely to occur, given its nature and current risk management practices in place.
- A medium likelihood of occurrence suggests that the risk has a moderate probability of occurrence.
- A high likelihood of occurrence suggests that the risk is likely to occur, despite the current risk management practices in place.

The Risk Assessment Tolerance Model and Risk Assessment Matrix that follow summarizes these risks and assesses their impact and likelihood. The Internal Control Recommendations section of this report presents recommendations with more detailed information regarding criticality and implementation timelines.

Clarence Central School District

Risk Assessment (continued)

Risk Assessment Tolerance Model

Impact	Significant			
	Moderate	FAM		
	Minor			
		Low	Medium	High
		Likelihood		

Clarence Central School District

Risk Assessment (continued)

Risk Assessment Matrix

Cycle	Risk Assessment Based on Procedures Performed	Impact	Likelihood
FAM	We noted minor overall risk in the Facilities and Asset Management cycle. We identified four recommendations for improvement, of which three are considered important to District operations, and overall, most of the recommendations can be addressed through routine District operations.	Moderate	Low

Internal Control Recommendations

Clarence Central School District

Internal Control Recommendations

Overview

Internal control recommendations represent those areas that afford department heads of the District the opportunity to improve financial reporting and internal controls, to better safeguard District assets and/or to more efficiently or accurately record, summarize and report financial transactions and information. They also represent those areas that may improve efficiency of operations and accounting functions, potentially resulting in cost savings.

We have provided a criticality rating and an implementation timeline for each internal control recommendation. Criticality ratings considered included urgent, important and routine. The implementation timelines considered were short-term and long-term, reflecting the effort and time required to implement the applicable recommendation while factoring in the criticality assigned thereto. Short-term refers to a finding that we believe can be corrected within one year. Long-term refers to a finding that may require changes to the systems and/or procedures of the District that may require over one year to effectuate change.

As a result of the procedures we performed, we identified four (4) recommendations. The criticality and timeline for the recommendations within the Facilities and Asset Management cycle are as follows:

Internal Control Area	Number of Recommendations	Criticality			Timeline	
		Routine	Important	Urgent	Short-Term	Long-Term
Facilities and Asset Management	4	1	3		3	1

Clarence Central School District
Internal Control Recommendations (continued)

FACILITIES AND ASSET MANAGEMENT (FAM)

RECOMMENDATION 1 –

Criticality: Routine

Timeline: Short-Term

Finding: The District has not updated key Board policies relating to purchasing, asset management, and inventories since 2018, and there is currently no established policy or written procedures for the Facilities department's use of and tracking of fuel.

Background: The District has adopted several policies relating to purchasing, asset management, and inventories. We reviewed six of these policies and found that, while the policies cover most of the important aspects of the District's facilities and asset management processes, the policies have not been updated since 2018. The policies reviewed include:

- 5320 – Expenditures of District Funds
- 5321 – Use of the District Credit Card
- 5410 – Purchasing: Competitive Bidding and Offering
- 5411 – Procurement of Goods and Services
- 5620 – Fixed Asset Inventories, Accounting, and Tracking
- 5630 – Facilities: Inspection, Operation, and Maintenance

Additionally, the District does not appear to have an established policy or written procedures surrounding the Facilities department's use of and tracking of fuel.

Rationale:

Impact: Moderate – Due to the fact that procedures have not been developed around the Facilities department's use of and tracking of fuel, and due to the lack of updating other policies and procedures since 2018, there is a moderate risk that fuel may not be properly tracked, assets may not be properly procured, or inventory records will not be accurately or sufficiently maintained.

Likelihood: Low – Since the policies indicated above have not been updated since 2018, there is an increased likelihood that risks could occur with regards to the District's facilities and asset management processes. However, based on our review of the District's procedures in comparison with the policies in place, the likelihood of the above risks occurring is reduced to a low level.

Recommendation: We recommend that the District ensure that all policies relating to the District's purchasing, asset management, and inventory operations are regularly reviewed and updated, as necessary, to remain relevant with the District's practices and procedures. Additionally, we recommend the Facilities department develop written procedures surrounding the use of and tracking of fuel within the department.

Clarence Central School District

Internal Control Recommendations (continued)

RECOMMENDATION 2 –

Criticality: Important
Timeline: Short-Term

Finding: The interior area of the loading dock at the District’s central receiving area at the high school building is not presently monitored with security cameras.

Background: The District has a central receiving loading dock, located at the high school building, where the Facilities department receives all deliveries. The loading dock is secured and locked from the outside, accessible only by employees of the high school through badges, and security cameras are installed in the outside alleyway to monitor the exterior doors of the loading dock. However, there are no security cameras located inside the loading dock area to monitor the activities within this area or the assets maintained in this area prior to their distribution within the District.

Rationale:

Impact: *Moderate* – Properly monitoring the loading dock interior area with security cameras could reduce the risk of theft or damage of District assets. The impact of not properly securing the interior loading dock from unauthorized access is considered moderate.

Likelihood: *Low* – Although there are no security cameras located within the interior loading dock area, there appeared to be adequate monitoring of the area by Facilities staff in the loading dock. As such, the likelihood of any risks of theft or damage pertaining to the assets being delivered to the District is considered low.

Recommendation: We recommend that the District consider installing cameras within the interior area of the loading dock for enhanced monitoring and security, and to prevent unauthorized access or damage to assets maintained in this area prior to their distribution.

Clarence Central School District
Internal Control Recommendations (continued)

RECOMMENDATION 3 –

Criticality: Important
Timeline: Short-Term

Finding: The Facilities department does not consistently complete and submit asset disposal forms to the Board of Education for vehicles and equipment that have reached the end of their useful life.

Background: The Board of Education approves all disposals of assets, such as vehicles, equipment, inventory, and textbooks. The Facilities department must submit a disposal form to the Assistant Superintendent for Finance and Operations detailing the items to be disposed of and why they are being disposed. These forms are then provided to the Board for their review and approval. Some assets will be recycled, while others will be sold at auction, if it is determined that they still have some monetary value. While disposal forms are regularly submitted for textbooks, forms are not consistently completed and submitted for vehicles and equipment.

Rationale:

Impact: *Moderate* – As the Facilities department does not consistently complete and submit asset disposal forms to the Board for vehicles and equipment, there is a moderate risk that vehicles and equipment may be disposed of without the notifying District administration or the Board.

Likelihood: *Low* – While there is an increased risk with regards to the disposal of vehicles and equipment when not submitted to and approved by the Board, the likelihood of the above risks occurring is reduced to low. Based on our procedures, we identified that the auction proceeds from a recent disposal of equipment was remitted to the Business Office and was properly deposited to the District's bank account.

Recommendation: We recommend that the Facilities department provide complete and accurate disposal forms on a timely basis to the Assistant Superintendent for Finance and Operations, in order to obtain Board of Education approval prior to the disposition or auction sale of vehicles and equipment.

Clarence Central School District
Internal Control Recommendations (continued)

RECOMMENDATION 4 –

Criticality: Important
Timeline: Long-Term

Finding: Fuel usage by employees within the Facilities department is not sufficiently tracked as part of the current manual process.

Background: The Facilities department maintains two fuel tanks – one gasoline and one diesel – at an outbuilding behind the athletic fields at the high school. The fuel pumps currently operate on a manual system: the pumps are accessed through two locked fence gates, the pumps need to be manually turned on within the building, the meters need to be reset, and then fuel is able to be pumped. Employees record the date of usage, the vehicle number, number of gallons pumped, and their signature on a manual, monthly fuel usage sheet maintained within the building.

Rationale:

Impact: *Moderate* – Due to the manual nature of the department’s fuel records, the limited detail maintained for the fuel usage records, and currently no other reports for management to tie the manual fuel usage records to, there is a moderate risk that the current fuel records will not capture all fuel usage by the department.

Likelihood: *Medium* – Due to the highly manual process in place for pumping fuel by the Facilities department, the likelihood of the above risks occurring is considered to be medium.

Recommendation: We recommend that the District investigate the cost effectiveness of installing and utilizing a system to more efficiently and effectively monitor and track fuel usage for the Facilities department, such as the Gasboy system used by the District’s Transportation department. In the meantime, the District should consider strengthening the detail of the monthly fuel usage records maintained, including documenting vehicle mileage each time a vehicle is fueled. Additionally, the Director of Facilities or another designated individual within the Facilities department should review and sign the fuel usage sheets each month.