

INTERNAL AUDITOR'S REPORT

Elwood Union Free School District

Budget Transfers

March 2021

Inherent Risk Rating: High

Control Risk Rating: Low

Audit Opinion: Satisfactory

Purpose/Objectives:

The objective of budget transfer testing is to ensure that transfers are being properly approved and completed in accordance with District policy. It must also be ensured that budget transfers are in conformance with the restrictions of Section 170.2(1) Commissioners Regulations and Chapter 436 of the Laws of 1997, regarding transfers to and from non-contingent expense codes. Documented oversight of budget transfers, that is both consistent and reliable, can increase the District's control over this process and reduce the likelihood of error or misappropriation. Testing procedures were conducted to assess the processing and maintenance of budget transfers.

The objectives of the testing were to:

- Determine compliance with District policies and procedures
- Determine if there is proper supporting documentation for each transfer
- Determine if proper approval is obtained in accordance with transfer amount
- Determine if supporting documentation agrees to Budget Transfer Reports
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process; if applicable

Scope:

We have selected fifteen (15) out of twenty-nine (29) budget transfers for the time period of July 2020 through November 2020 and tested the selected transactions against our audit criteria.

Observations:

Based upon the testing procedures performed, we noted the following:

1. All budget transfers were accurately entered into nVision.
2. All budget transfers tested had sufficient supporting documentation.
3. All budget transfers tested were in accordance with NYCRR §170.2(l).
4. Two (2) out of the fifteen (15) budget transfers tested were approved subsequent to being entered into nVision.

Recommendations:

Internal Audit Report:
Budget Transfers

1. We recommend that all budget transfers are approved prior to entry in nVision. Implementation of this recommendation will ensure that all budget transfers properly approved before being recorded. This will also enhance the controls over the financial accounting system.

INTERNAL AUDITOR'S REPORT

Elwood Union Free School District

Journal Entries

March 2021

Inherent Risk Rating: High

Control Risk Rating: Low

Audit Opinion: Satisfactory

Purpose/Objectives:

Journal entries may encompass a wide range of infrequent or perhaps unexpected transactions. For that reason, there is a greater than normal likelihood of error or misappropriation. Documented, knowledgeable oversight of the general journal can increase the District's control over its resources. Testing procedures were conducted to assess the processing and maintenance of journal entries.

The objectives of the testing were to:

- Ensure compliance with District policies and procedures
- Ensure proper approval was obtained prior to processing
- Evaluate the sufficiency of supporting documentation
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process, if applicable

Scope:

We have selected fifteen (15) out of two hundred and ninety-seven (297) journal entries for the time period of July 2020 through November 2020 and tested the selected transactions against our audit criteria.

Observations:

Based upon the testing procedures performed, we noted the following:

1. All journal entries tested traced and agreed to the query report.
2. All journal entries tested had sufficient supporting documentation.
3. All journal entries tested were approved. However, all fifteen (15) of the journal entries tested were posted prior to approval by the Assistant Superintendent for Business. However, we noted that in addition to the Assistant Superintendent for Business reviewing all journal entries, the District Treasurer also reviews all journal entries performed on a monthly basis as a mitigating control.

Recommendations:

- No recommendation at this time.

INTERNAL AUDITOR'S REPORT

Elwood Union Free School District

Cash Receipts

March 2021

Inherent Risk Rating: High

Control Risk Rating: Low

Audit Opinion: Satisfactory

Purpose/Objectives:

Cash receipts consist of cash and checks received by the District as a source of revenue to offset certain expenses. Cash receipts include, but are not limited to, cash and checks received for field trips, health insurance, out of district tuition, use of facilities, and donations. Documented, knowledgeable oversight and proper segregation of duties of the cash receipts process can increase the District's control over its resources. Testing procedures were conducted to assess the processing and maintenance of the cash receipts.

The objectives of the testing were to:

- Ensure compliance with District policies and procedures
- Ensure that the cash receipt report agrees to deposit slips
- Ensure that the cash receipt report agrees to bank statements
- Ensure that the cash receipt report agrees to the cash log book
- Ensure that cash log book entries agree to the cash receipt report
- Ensure that cash receipts are deposited in a timely manner
- Ensure that the cash receipt report is periodically reconciled to the cash log book
- Evaluate the sufficiency of supporting documentation
- Evaluate the proper classification of cash receipts
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process; if applicable

Scope:

We selected fifteen (15) cash receipts for the months of August 2020 through December 2020 in order to test that the District's handling of cash receipts is in compliance the objectives outlined above. We also selected ten (10) cash log spreadsheet entries for the months of August 2020 through December 2020 in order to ensure that all checks received by the District were properly recorded within the District's accounting system, nVision.

Observations:

Based upon the testing procedures performed, we noted the following:

1. All cash receipts entered in nVision reconciled to the deposit slips.
2. All cash receipts entered in nVision reconciled to the bank statements.
3. All cash receipts were deposited within one (1) week.

Internal Audit Report:
Cash Receipts

4. All cash receipts maintained proper supporting documentation.
5. All deposits were traced to the cash log spreadsheet.

Recommendations:

- No recommendations at this time.

INTERNAL AUDITOR'S REPORT

Elwood Union Free School District

Bank Reconciliations and Treasurer's Reports March 2021

Inherent Risk Rating: High
Control Risk Rating: Low
Audit Opinion: Satisfactory

Purpose/Objectives:

Bank reconciliations and Treasurer's Reports, by nature, show the relationship between the recorded cash inflow and outflow and the actual cash inflow and outflow. For that reason, it is imperative to monitor this relationship to identify and rectify outstanding and unusual items in a timely manner. Documented, knowledgeable oversight of the bank reconciliations and Treasurer's Report can increase the District's control over its resources. Testing procedures were conducted to assess the processing and maintenance of the bank reconciliations and the Treasurer's Reports.

The objectives of the testing were to:

- Ensure compliance with District policies and procedures
- Check for arithmetic accuracy
- Ensure bank balances agree to bank statement
- Ensure book balances agree to general ledger
- Review for old uncleared items
- Review for any unusual reconciling items
- Ensure that information from the bank reconciliations agrees to the Treasurer's Report
- Evaluate the proficiency of supporting documentation
- Ensure beginning book balance matches prior month's ending book balance
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process; if applicable

Scope:

We have examined one hundred percent (100%) of the eleven (11) bank accounts for the general, cafeteria, federal, capital, trust & agency and scholarship funds for the month of October 2020 against our audit criteria.

The following table summarizes the number of District bank accounts by fund:

Fund	Bank Accounts
General	4
Cafeteria	1
Federal	1
Capital	2
Trust & Agency	2
Scholarship	1
Total	11

Observations:

Internal Audit Report:
Bank Reconciliations and Treasurer's Reports

Based upon the testing procedures performed, we noted the following:

1. All Treasurer's reports were prepared and presented to the Board in a timely manner.
2. All bank reconciliation reports agreed to the Treasurers' report.
3. All bank balances agreed to the bank statements.
4. All book balances agreed to the trial balances.
5. All beginning balances agreed to the prior months ending balance.

Recommendations:

- No recommendations at this time.

INTERNAL AUDITOR'S REPORT

Elwood Union Free School District

Employee Reimbursements

March 2021

Inherent Risk Rating: High

Control Risk Rating: Low

Audit Opinion: Satisfactory

Purpose/Objectives:

Employee expenditures consist of reimbursable expenditures to employees which were disbursed as a result of attending conferences/workshops or purchases that were approved by the District. For that reason, it is imperative to monitor the employee's expenditures to ensure the District is held accountable solely for the expenditure allowance approved for the employee and in accordance with District policy in relation to the conference/workshop attended or purchase made. Testing procedures were conducted to assess the processing of travel and conference expenditures and purchases of District employees.

The objectives of the testing were to:

- Verify that requisition and purchase order forms were properly submitted and approved
- Verify the accuracy of invoices and claim forms
- Verify that proof of attendance was properly submitted, if applicable
- Ensure that the reimbursement request was submitted timely

Scope:

We have randomly selected fifteen (15) employee reimbursements during the time period of August 2020 through December 2020 to ensure that expenditures were in compliance with the objectives outlined above.

Observations:

Based upon the testing procedures performed, we noted the following:

1. All employee reimbursements tested were approved by the Purchasing Agent.
2. All employee reimbursements tested maintained an itemized invoice.
3. All employee reimbursements tested maintained proper proof of attendance, if applicable.
4. All employee reimbursements tested were submitted within ninety (90) days of the event.
5. All employee reimbursements tested maintained a purchase requisition and purchase order that was entered prior to the expenditure date.

*Internal Audit Report:
Employee Reimbursements*

Recommendations:

- No recommendation at this time.

INTERNAL AUDITOR'S REPORT

Elwood Union Free School District

Extraclassroom Activity Fund – Cash Disbursements May 2021

Inherent Risk Rating: High

Control Risk Rating: Moderate

Audit Opinion: Needs Improvement

Purpose/Objectives:

Extraclassroom Activity Funds encompass any organization within the District that is conducted by students and does not receive financial support from District voters or the Board of Education. Part 172 of the Commissioner's Regulations provides that the school board of each school district outside of New York City must make rules and regulations for the conduct, operation, and maintenance of Extraclassroom Activities and safeguard, account, and audit all moneys received and derived from such activities. Testing procedures were conducted to determine if the internal controls for the District's Extraclassroom Activity Funds are adequate to ensure the safeguarding of assets for which the District has custody.

The objectives of the testing were to:

- Ensure compliance with District policies and procedures
- Ensure compliance with State laws and regulations
- Review payment vouchers to ensure accuracy and approval of purchases
- Trace and agree cash disbursements to the student activity ledgers
- Review cash disbursements for student involvement
- Evaluate the sufficiency of supporting documentation
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process, if applicable

Scope:

We have randomly selected fifteen (15) Extraclassroom activity cash disbursements for the time period of September 2019 through March 2021 and tested the selected transactions against our audit criteria.

Observations:

Based upon the testing procedures performed, we made the following observations:

1. All cash disbursements tested were traced and agreed to the Extraclassroom Activities Treasurer's activity ledger.
2. All Extraclassroom Activity Fund purchases contained sales tax payments as required.

***Internal Audit Report:
Extraclassroom Activity Fund – Cash Disbursements***

3. We noted two (2) instances where the cash disbursement packet was missing an invoice.
4. We noted one (1) instance in which goods purchased were shipped to an employee's home address.
5. We noted fourteen (14) instances where the "Payment Form" approval was not dated or the "Payment Form" was approved subsequent to the purchase.
6. We noted thirteen (13) instances where the "Payment Form" did not include one of the required signatures for payment.

Recommendations:

1. We recommend that all cash disbursement packets maintain sufficient supporting documentation. An invoice should be maintained for payments to the vendor. This ensures that payments made by Extraclassroom Activity Clubs are accurate and in accordance with District policies.
2. We recommend that all Extraclassroom Activity Fund purchases be shipped directly to the appropriate district building.
3. We recommend that "Payment Forms" be signed and dated prior to payment of invoice. This will ensure all cash disbursements are properly approved before being paid.
4. We recommend the all required signatures are obtained prior to a check being processed. It should be noted that, some of the missing signatures were during the pandemic.