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Date: May 17, 2022

To: Audit Committee
Nyack Union Free School District

From: Nugent & Haeussler, P.C.

Re: Internal Audit Services – Capital Projects
Reference #2022-1

In accordance with our proposal and the Annual Risk Based Internal Audit Plan, we have conducted our internal audit services with respect to the Capital Projects of the Nyack Union Free School District.

CONCLUSION

The grading standards are Satisfactory, Acceptable, and Unsatisfactory.

The controls over Capital Projects are rated *Satisfactory*.

District management is to submit a response to the Audit Committee with copies to interested management and the auditor by July 31, 2022.

OBJECTIVE/SCOPE

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

- To ensure that adequate policies, practices, internal controls and procedures exist regarding Capital Projects.
- To evaluate compliance with applicable laws and regulations

The internal audit covered sampled transactions from July 1, 2021 through April 30, 2022. The internal audit services were conducted on May 4th and 5th of 2022.

PROCEDURES & FINDINGS

District Capital Project Policies

During our review of the District's Capital Project related policies, we noted that several of the policies have not been reviewed or updated for many years.

We recommend that all of the District's Capital Project policies are reviewed and updated where necessary.

Capital Project Fund Balances

During our review of the District's Schedule of Project Expenditures – Capital Fund, we found that there were projects that were final but had remaining surplus fund balance.

We recommend that the District review each Capital Project's remaining surplus fund balance and review the funding source to determine the course of action to take for each remaining surplus fund balance in order to close out the Capital Project.

Other

In addition to the items listed above in the Procedures & Findings area of this letter we performed other procedures with respect to Capital Projects and have no further recommendations.

We made inquiries of District employees involved in the processes for Capital Projects to get an understanding of the controls in those areas.

In accordance with the regulations of the New York State Education Department, each public school district is required to develop a comprehensive long-range plan pertaining to educational facilities. We reviewed the currently developed Five Year Capital Plan for the District and the procedures used to work along with the architect to help develop it.

We reviewed the application process and reviewed a sample selection of applications sent to the New York State Education Department Office of Facilities Planning to ensure that all the procedures described were followed and all proper authorizations were made prior to sending the application.

We reviewed the application process and reviewed a sample selection of applications sent to the New York State Education Department Office of Facilities Planning to ensure that all the procedures described were followed and all proper authorizations were made prior to sending the application.

We reviewed each ongoing Capital Project to ensure that proper approval was received from the New York State Education Department Office of Facilities Planning.

We reviewed the information provided by the District to the voters about each Capital Project proposition to ensure the public was provided with sufficient detail of the scope of the planned project, the type of work being considered, location of project, estimated costs, and how the project will be funded.

We reviewed Board minutes and agendas to ensure that the Board did hold workshops for the public where their input could be obtained.

We reviewed all public and legal notices to ensure all of the proper notices were made for each Capital Project reviewed.

We reviewed the District Clerk's certification of the vote for each Capital Project reviewed.

We also reviewed the Final Cost Reports filed by the District for the Capital Projects selected for review. We found that all of the necessary documentation was included and the proper authorizations were made for each. We also reviewed the amounts included in the Final Cost Reports to the source accounting reports.

We reviewed the fixed asset summary at June 30, 2021 year and compared that to the Capital Projects Fund Project-Length Schedule to ensure the information was recorded accurately within the audited financial statements.

We reviewed a sample of bids for the 2021-2022 school year and confirmed that all bids accepted by the District received approval from the Board.

We reviewed a sample of change orders for the 2021-2022 school year to ensure they were approved by the necessary individuals. We found the change orders to have appropriate authorization. Additionally, we traced the change orders to board minute resolutions for timely board approval.

We reviewed a selection of paid bills, including contractor bills, to ensure the proper approvals and certifications were made for payment and to ensure the timing of the approvals and certifications were sufficient.

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

Respectfully Submitted,

A handwritten signature in blue ink that reads "Nugent & Haeussler, P.C.".

NUGENT & HAEUSSLER, P.C.

cc: Gloria Menoutis