

BUFFALO CITY SCHOOL DISTRICT

*Risk Assessment–Follow-up on
Findings and Recommendations for the
Fiscal Years Ended June 30, 2009 through 2017*

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for the Fiscal Years Ended June 30, 2009 through 2017
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Certified Public Accountants

To the Audit Advisory Committee of the Board of Education
of the Buffalo City School District
Buffalo, New York:

We are pleased to communicate the follow-up on our risk assessments of the Buffalo City School District (the "District") for the years ended June 30, 2009 through 2017. The purpose of our engagement is to continue to assist you in the development of a risk assessment of District operations, and provide recommendations to strengthen controls and reduce the identified risks. Our comments were developed from inquiries, observations and tests of internal controls performed during the fiscal years ended June 30, 2009 through 2017.

The District's risks are the risks that an action or event will adversely affect the District's ability to successfully achieve its objectives. The Risk Assessment section of the report analyzes the significant risks and 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 and have provided our risk assessment and a set of 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 findings and recommendations are intended solely for the information and use of the Audit Advisory Committee, the Board of Education, 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.

Drescher & Malecki LLP

June 30, 2018

**Risk Assessment -
Follow-up on Findings and Recommendations for the
Fiscal Years Ended June 30, 2009 through 2017**

BUFFALO CITY SCHOOL DISTRICT
*Risk Assessment – Follow-up on Findings and Recommendations for the
 Fiscal Years Ended June 30, 2009 through 2017*

Overview and Scope

The District’s 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 performed follow-up procedures to ascertain the corrective actions taken by the District to reduce the risks that were previously identified in risk assessment reports for the fiscal years ended June 30, 2009 through 2017.

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 the original criticality rating and a recommended implementation timeline for each internal control recommendation and business opportunity. Criticality ratings considered were 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.

Since the prior Risk Assessment Follow-up, the District has addressed 25 findings which have been removed from this document. The District now maintains 51 findings and recommendations. Of note, 10 of the 51 findings have corrective actions implemented and will be removed in the subsequent year’s Risk Assessment Follow-up report.

The findings and recommendations presented in each internal control cycle or area are summarized as follows:

Internal Control Cycle or Area	Number of Recommend- ations	Criticality			Timeline	
		Urgent	Important	Routine	Short-Term	Long-Term
Adult Education (AE)	1	-	1	-	1	-
Athletics (A)	2	-	1	1	2	-
Benefits (B)	6	1	3	2	5	1
Capital Assets (CA)	1	-	1	-	1	-
Extraclassroom Activity (E)	6	-	5	1	5	1
Food Service (FS)	1	-	-	1	1	-
Grants (G)	1	-	1	-	1	-
Health Insurance (HI)	2	-	1	1	1	1
Information Technology (IT)	4	2	2	-	3	1
Inventory (I)	4	1	3	-	3	1
Payroll and Personnel (PP)	7	-	4	3	5	2
Purchasing, Accounts Payable and Disbursements (PA, PC)	13	-	9	4	8	5
Revenue and Accounts Receivable (R)	1	-	1	-	-	1
Special Education (SE)	-	-	-	-	-	-
Workers' Compensation (WC)	2	-	2	-	-	2
Total recommendations	51	4	34	13	36	15

The findings and recommendations are also presented in each internal control cycle or area based on the results of our follow-up procedures as follows:

Internal Control Cycle or Area	Number of Recommendations	Results				
		Corrective Actions Implemented	Corrective Actions In Process	Risks Determined Acceptable	Corrective Actions Not Taken	Corrective Actions To be Determined
		Adult Education (AE)	1	-	-	1
Athletics (A)	2	-	2	-	-	-
Benefits (B)	6	2	4	-	-	-
Capital Assets (CA)	1	-	1	-	-	-
Extraclassroom Activity (E)	6	-	5	1	-	-
Food Service (FS)	1	-	-	1	-	-
Grants (G)	1	-	1	-	-	-
Health Insurance (HI)	2	1	1	-	-	-
Information Technology (IT)	4	-	4	-	-	-
Inventory (I)	4	-	1	-	3	-
Payroll and Personnel (PP)	7	3	3	1	-	-
Purchasing, Accounts Payable and Disbursements (PA, PC)	13	3	7	1	1	1
Revenue and Accounts Receivable (R)	1	-	-	1	-	-
Special Education (SE)	-	-	-	-	-	-
Workers' Compensation (WC)	2	1	-	1	-	-
Total recommendations	51	10	29	7	4	1

Corrective Actions Implemented-This category identifies risks noted for which the recommendations or compensated controls were implemented or original findings were no longer applicable.

Corrective Actions In Process-This category identifies risks noted for which the corrective actions have begun, but are not yet complete.

Risks Determined Acceptable-This category identifies risks noted for which the risks were determined by the District to be acceptable or that the cost of putting additional controls in place would exceed the benefits to be derived.

Corrective Actions Not Taken-This category identifies risks noted for which the corrective actions have not been taken.

Corrective Actions to be Determined- This category identifies risk noted for which the recommendations were brought to the attention of appropriate personnel within the last year and corrective actions have not been yet determined.

**Appendix A -
Matrix of Findings, Recommendations and Implementation
for the Fiscal Years Ended June 30, 2009 through 2017**

Adult Education (AE)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (AE)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
AE13-1	<p>Currently, the District utilizes separate time sheets for each grant. If an employee works on more than one grant, he or she is required to fill out more than one time sheet to ensure that time worked is appropriately expensed to the proper expenditure line.</p>	<p>We recommend the Adult Learning Center consider the use of time distribution sheets, which would include all time worked per employee but would separate hours worked on each grant. This would consolidate the Adult Learning Center's timekeeping process, making it more efficient, and reduce the risk of errors while staying in compliance with all grant requirements.</p>	Important - Short Term	<p>The finding is similar to that in the prior year in which the District has a line item for funding codes at the top of all timesheets. However, the time sheets do not contain different lines for additional funding sources if the employee works on multiple funding codes. The District will continue to use the current policy in place as an employee working on multiple funding codes is rare.</p>	Risk determined to be acceptable	N/A

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Athletics (A)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
<p>(A)</p> <p>A09-2 A10-2 A15-2</p>	<p>Athletics</p> <p>District policy requires that a physical inventory of athletic equipment be taken at each school at the end of each year of instruction by the Director of Athletics and coaches. However, it did not appear as if the District enforced this policy during the performance of our school site visits for the year ended June 30, 2010, which occurred in November 2009 and in April 2010. Athletic Supervisors at the schools do not furnish formal documentation supporting that a physical inventory was performed to the District and no evidence was available to support that any physical inventory was taken by the Director of Athletics. The Director of Athletics indicated that Athletics Supervisors at the school locations do prepare physical inventory listings of equipment at their locations at the beginning and ending of each year of instruction, as well as a reconciliation of equipment inventory to identify missing items, and follow up by utilizing the list of equipment and uniforms distributed to students throughout the year; however, there was no evidence available to provide proof the policy is being followed.</p>	<p>Physical inventories and reconciliations should be submitted to the District, be reviewed by appropriate management personnel, and include formal documentation of such review.</p>	<p>Routine - Short Term</p>	<p>The new policy for unreturned items will be decided by the Board in December 2017. This policy will deny athletic eligibility for any student who fails to return equipment at the end of the season</p>	<p>Corrective action in process</p>	<p>It is recommended that the District continue to implement the corrective actions and formalize the policy.</p>
<p>A15-1</p>	<p>Based on our inquiries and observations, we noted Athletic procedures varied based on individual school and/or coach.</p> <p>Due to varying and unwritten procedures within the District, we noted the need for a District-wide athletics policy that addresses standard items including, but not limited, to the following:</p> <ul style="list-style-type: none"> • Sporting event ticket policies—Admission prices should be documented and justifiable and for all sporting events. The use of tickets for events may be discussed and the decision should be implemented District-wide. • Standard athletic forms—Forms for reconciliations, deposits, and purchase orders should be tailored to all athletic departments and proper use detailed in a policy. • Event ticket reconciliation forms—The cash collector at an event should sign the form stating the amount of cash collected as well as the beginning and ending ticket numbers for reconciliation purposes. Principals should review the reconciliation and sign-off and Clerks should also sign-off, certifying the amount of cash received agrees to the reconciliation form. The policy should state standardized procedures and include an example of a properly completed reconciliation form. • Vault and cashbox policies—The policy should include standardized cash vault procedures and limited vault access in order to prevent theft. • Storage of sporting equipment procedures—Equipment maintenance and custody may be addressed in the policy, an example may be the use of an inventory log. 	<p>The District has been working towards implementing formalized standard policies for schools and coaches to adhere to. In the current year, written policies for cash management have been implemented. Lastly, the schools are utilizing building liaisons in order to better track and remit Department information.</p>	<p>Important - Short Term</p>	<p>The District has been working to implement formalized standardized policies for schools and coaches to adhere to. The Department now has written policies for cash management that all employees must follow. In addition to this, the District's schools are utilizing building liaisons in order to better track and remit Department information.</p>	<p>Corrective action in process</p>	<p>We recommend the District continue to implement the remaining policies included within the original recommendation.</p>

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Benefits (B)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (B)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
	Benefits					
B17-1	The Benefits Office anticipates a complete turnover of staff within the next five years. Additionally, the Benefits Manager recently retired and the position has not yet been filled. As such, to better prepare for the turnover and transition specific job duties, the District should develop a succession plan.	We recommend that the District consider the following key issues identified by the Government Finance Officers' Association ("GFOA") as fundamental areas to include in an effective succession plan: <ul style="list-style-type: none"> • Develop an integrated approach to succession management • Continually assess potential employee turnover • Provide a formal, written succession plan as a framework for succession initiatives • Develop written policies and procedures to facilitate knowledge transfer. • Design of better recruitment and retention practices may aid in the succession process of retention. 	Urgent - Short Term	The District has implemented and provided a Benefits Succession Plan.	Corrective action implemented.	N/A
WC12-1 B17-2	The average number of employees receiving workers' compensation benefits out on leave has increased at a significant rate over the past three calendar years. The average number of employees during 2014 was 54, which elevated to an average of nearly 73 during 2016. Additionally, we noted the majority of District employees are paid their full salary as part of their workers' compensation benefits. This practice is in accordance with the current collective bargaining agreements of the applicable classes of employees. The payment of full wages rather than a percentage of the employee's average weekly wage, which is the normal practice in accordance with the regulations of the New York State Workers' Compensation Board ("WC Board"), provides less incentive for an employee to return to work in a timely manner.	We recommend that District officials evaluate the current practice of paying full wages as part of workers' compensation benefits with the respective collective bargaining unit officials, and explore opportunities for revisions to this practice. Considering the cost of full wages per employee, and the growing number of employees receiving workers' compensation benefits, the District will continue to be challenged during the budgetary process. We recommend an evaluation of the employees receiving these benefits, to identify reasons for the increasing number receiving benefits.	Important- Short Term	The District still pays full wages as part of workers' compensation benefits. The District pays the taxable portion of the claim and has a third-party service provider, POMCO, which pays the remaining portion of the claims. It was noted that the current contract pays one year of full salary for workers' compensation for non-assault cases. After the year, the employee must use medical leave of absence with pay or sick time. Workers' comp benefits related to assault cases include five years for teachers and 4 years for administrators, per current union contracts. The District continues to negotiate for changes in workers' compensation payouts to reduce the number of years paid on full wages.	Corrective action in process.	N/A
WC12-3 B17-3	The District currently has various annual safety training programs and initiatives for skilled tradesmen, laborers, custodial engineers, custodians, and physical education personnel. However, there are currently no safety trainings for office safety guidelines or workplace violence programs being offered to instructional and office employees.	In light of reported injuries to teachers, teacher aides and administrators as a result of breaking up student altercations and restraining unruly students, we recommend that the District implement an annual safety training program for such employees to reduce and/or prevent these avoidable injuries.	Important- Short Term	Safety training has been expanded with the emphasis on prevention to all employees. Dialogue has begun with managerial support and administration to resolve student conflicts/fights. New York State Office of Mental Retardation ("OPWDD") offers training for Human Resources staff on conflict resolution using SCIP-R training to deal with volatile and emotionally disburbed students using verbal, non-verbal and physical intervention as a result. Second, each school will develop a Conflict Resolution Committee to minimize fights.	Corrective action in process.	N/A
WC12-4 B17-4	The District requires certain employees to undergo a baseline hearing test prior to commencing employment. In the event that the examination indicates a pre-existing loss of hearing which may be due to prior employment(s), the District must provide written notice of the results of the hearing test to the prior employer(s) within ninety (90) days in accordance with New York State Workers' Compensation Law. We noted that although such notices were being sent in the past by the Benefits Office, these procedures of notifying prior employer(s) were not followed as of the date of this risk assessment.	We recommend that the District comply with the aforementioned notice requirements for applicable new employees.	Important - Short Term	The District is seeking a reliable vendor to administer baseline hearing tests.	Corrective action in process	Same as original recommendation.

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
	Benefits					
HI13-3 B17-5	The District has posted open enrollment applications online; however, most applications are sent through postal mail. This manual process creates a large fee for paper and mailing costs. Additionally, the District currently does not have a system where health insurance applications can be received through e-mail or a web-based application. As such, this creates extra hours in which the Benefits Office has to manually enter the applicant's information into the District's system.	We recommend that the District consider utilizing solely electronic forms, and also consider investing in a program where applications can be received electronically.	Routine - Long Term	The Benefits Office has taken steps to reduce the cost of mailings; any employee who has a computer, for work now receives this information electronically, no longer by mail.	Corrective action implemented.	N/A
B17-6	The Benefits Office should be reviewing employee files and cancelling policies in a timely fashion. Cancellations may occur upon employee request or when an employee no longer qualifies for their current coverage. Upon receipt of request for, or notice of, cancellation the Benefits Office should promptly log-on to the applicable site and cancel the employee's coverage to avoid paying the added premium. Throughout testing we noted an instance where the actual effective date was one month later than the approved effective date, thus causing a nonrefundable cost for that lost premium.	We recommend that the District implement a policy to ensure that cancellations be processed within the subsequent month. While the District has a policy to catch errors, they are not always found in a timely manner to allow for a refund from the provider.	Routine - Short Term	There are plans for 2018 to coordinate with Blue Cross and third-party providers to better monitor canceling coverage.	Corrective action in process	Same as original recommendation.

Capital Assets (CA)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (CA)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
CA14-1	<p>Capital Assets</p> <p>The service center and/or schools do not always notify Accounting or the Audit Inspector of transfers or disposals of assets. It was noted that in many cases, a disposal is not realized until a school site visit. Notification of transfers or disposals to Accounting or the Audit Inspector allows for more accurate and timely record of asset location and existence.</p>	<p>The District should implement a policy to notify Accounting or the Audit Inspector of transfers or disposals of assets in a timely manner. This could occur when the Service Center fulfills transfer/disposal requests. It was noted that requests are mainly handled through a paper form, that includes three copies, where the individual accepting the goods maintains one copy, and the remaining two copies are filed in the Service Center. One of these copies could be provided to the Accounting department for proper notification.</p> <p>Another option is the use of barcodes on tagged inventory. The barcode scanned when it is transferred or disposed, and this documentation could be provided to the Audit Inspector on a regular basis.</p>	Important - Short Term	<p>The District has been utilizing the SchoolDude ticket system for capital assets. However, there continues to have complications with capital asset and equipment moves and disposals. It is noted that the SchoolDude request system for Maintenance Direct requires only minimal information related to the capital assets or equipment. All information related to the asset is typed into the "Descriptions" field. Important data is sometimes lacking or vague. One possible solution would be to update the SchoolDude form to require additional fields to be filled out in order to capture the data for equipment control. Examples of fields to include are: asset tag#, serial number, location move from and location move to, room number, purpose of request - school move, disposal, storage, auction. In addition, although there is an informal fixed asset tracking policy, a formal one has not been formally adopted.</p>	Corrective action in process	<p>We recommend the District adopt a formal policy in regards to transfers or disposals of assets. In addition, we recommend the criteria in SchoolDude have enhanced required fields so assets can be more readily identifiable.</p>

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Extraclassroom Activity (E)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (E)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
E09-3	The Central Treasurer of the extraclassroom fund is not bonded. Additionally, during our school site visits, we noted that neither cash nor extraclassroom funds are collateralized.	It is recommended that the Central Treasurer be bonded in an amount consistent with the amount of cash that is handled.	Important - Short Term	The District analyzed bonding the Central Treasurer and determined it not to be cost effective. Extraclassroom funds are below the FDIC insured limit amount and do not require collateral.	Risk determined to be acceptable	N/A
E09-6 E09-7 E10-5 E10-6	District policy requires the use of pre-numbered tickets for admission to athletic events, held at individual school locations. At two school locations visited, we noted faculty collected cash from the sale of tickets to boys' basketball games and remitted the funds to the Main Office Clerk after the event; however, a reconciliation of cash collected versus tickets sold was not completed at the end of each event. In order to properly monitor ticket sales, and secure cash at these events, we recommend that a reconciliation of pre-numbered tickets sold to cash collected be performed for all events where pre-numbered tickets are sold. At several other schools, we noted proceeds from ticket sales to boys' basketball games were not communicated to the District at all, but rather controlled by each individual school location. Also, while conducting our site visits of ten District schools, during the year ended June 30, 2010, we noted that two of the schools either did not sell the pre-numbered tickets for football games held at All-High Stadium that were given to them by the District, or did not track amounts of cash collected for the number of tickets sold. No information was ever returned to the District indicating what cash was collected, if any.	Reconciliations should be prepared for all sporting events where pre-numbered tickets are sold and remitted to appropriate District personnel for review. Also, pre-numbered tickets not sold are to be returned to the District Director of Athletics, noting that no cash was ever collected, and reconciliations should accompany to account for any tickets sold or given away to students by school principals or administrators, when applicable.	Routine - Short Term	Pre-numbered tickets are not always utilized. The District allows schools to have their own policies when it comes to tickets and receipting. It was noted that for schools that do utilize pre-numbered tickets when applicable, a Statement of Activity form is completed where tickets are reconciled with sales. It was noted that although this is the policy, it is rarely followed correctly. The District is currently working towards getting all clubs to perform this.	Corrective action in process	We recommend that a District-wide policy be created for all schools to follow for athletic events. The policy should cover what types of games have admission prices, what those prices are and ticket collection procedures. This policy should require use of pre-numbered tickets and tickets of different color per different priced tickets. All unsold tickets should be returned to the extraclassroom liaison for that particular school.
E15-1	The District is in the process of developing and implementing software to be used for the Extraclassroom activities. This system will allow for more controls and checks to ensure accuracy, timing of reports, reconciliations and budgets. Budgets will be prepared for each classroom activity before the activity can be entered into the system. This will help monitor cash receipts. If there is a large variance between budgeted and actual cash amounts then the cash account will be further investigated to determine the cause of the discrepancy.	We recommend that the District implement the new software as soon as possible. Further, we recommend sufficient monitoring to document weaknesses and strengths in the system. Upon evaluation, the Board can use the documentation of weaknesses and strengths to further improve the system and procedures.	Important - Long Term	In January 2018, the Board approved the use of SchoolFunds Online ("SFO") software. The District is hopeful this new software will provide improvements to address the noted deficiencies of the District's previous system. Implementation and use of the new software is planned for the 2018-19 fiscal year.	Corrective action in process	We recommend the District monitor its newly implemented SFO software to ensure all reporting objectives are met and included within staff trainings.
E15-2	Extraclassroom activity funds should only be utilized for grades 6-12. The District uses Extraclassroom activity funds for all grade levels. A main purpose of the Extraclassroom activity fund is to teach students good business procedures through handling funds and operating a successful business, therefore it is unnecessary to establish this program at a lower grade level that cannot obtain these goals.	We recommend that the Extraclassroom activity funds not be used for grades other than 6-12.	Important - Short Term	The District still allows extraclassroom activity to take place in grades that are not in compliance with State guidelines. The District is aware that they need to come up with an alternate method for accounting for the funds that should not be in extraclassroom as they are essentially treating this fund as each school's general fund.	Corrective action in process	We recommend that the Extraclassroom activity funds not be used for grades other than 6-12.

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (E)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018		
E15-3	We noted that sales tax is only computed for items the District purchases, including inventory. Sales tax is not accounted for or collected for required items. Finance Pamphlet 2 states that the District is subject to provisions of the State Tax Law whenever it becomes the vendor of services or property ordinarily sold by private persons. Each faculty advisor is responsible for knowing which activities undertaken by the organization are subject to sales tax.	We recommend that the District evaluate each clubs' exposure to New York State sales tax laws and determine whether money is owed for goods or services sold. In addition, the Chief Faculty Advisor should include in the training agenda, procedures and policies for remitting sales tax to New York State, where applicable, to ensure that all faculty advisors are aware of their obligations under the tax code. Additionally, to ensure payments are made when necessary, the District should implement the necessary controls to monitor the sales tax reporting process.	Important - Short Term	The District is actively researching ways in order to implement the collection of New York State sales tax. The District has received their Resale Certificate (ST-120) and they are developing policies and procedures in order to properly collect sales tax.	Corrective action in process	Same as original recommendation.
E15-4	The District does not file Form 1099 miscellaneous with the Internal Revenue Service. The New York State Finance Pamphlet states "The central treasurer must monitor compliance with IRS guidelines regarding the filing of statement 1099 miscellaneous".	We recommend that the District evaluate each clubs' exposure and compliance for the IRS Form 1099 - Miscellaneous income. Generally, the threshold for filing receipts of \$600 or greater.	Important - Short Term	The District's implementation of the SFO software will enable Form 1099 reporting.	Corrective action in process	Same as original recommendation.

Food Service (FS)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (FS)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
FS09-4	<p>At one of the fifteen District school locations visited, we noted that the Food Service Supervisor was not depositing cash from lunch sales on a daily basis. At the end of each school day, the supervisor would lock excess cash from the cash registers and lockbox in the freezer and would deposit the money every Friday. Overall, the amount of cash from lunch sales that would be stored in the freezer for the week amounted to approximately \$200.</p>	<p>We recommend the Food Service Supervisor deposit cash from lunch sales daily to adequately safeguard cash.</p>	<p>Routine - Short Term</p>	<p>There has not been a change in corrective action. Previously the money was located in a safe in each school's principal's office. When money was to be given to the appropriate parties, this breached the segregation of duties because the principal's safe should have limited access. As safe's are costly, and since the monies utilized by the teacher's are infrequent, it was not cost effective to follow our recommendation. These funds are still locked in the freezer since the freezer has limited access to the head cook for each school, and the cashier whom deposits the money, and is properly safeguarded with a lock. Once the monies reach fifty dollars, the Cafeteria Manager for each school then deposits this to the bank. If there is a conflict, the individuals that may be responsible are easily identifiable.</p>	<p>Risk determined to be acceptable</p>	<p>N/A</p>

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Grants (G)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (G)	Original Description of Findings Grants	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
G11-7	We did review the District's written Code of Ethics, specifically related to conflicts-of-interest. However, it was determined that the District does not require District officers and employees to sign a statement that they have read, understand, and will adhere to the Code of Ethics. We also noted that the District does not provide periodic ethics training to all District employees.	We recommend that all District officers and employees be required to sign a statement acknowledging that they have read, understand, and will adhere to the District's Code of Ethics. We also recommend the District provide annual ethics training to all District employees.	Important - Short Term	Similar to prior year, ethics training has been provided to employees. Signed statements are required and the District Legal office is working out the logistics of this annual signed certification. The policy has been implemented, but there is no formal procedures for annual certifications. During 2018, the District engaged with Erie 1 BOCES for policy review services and this policy will be included in such review.	Corrective action in process.	N/A

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Health Insurance (HI)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (HI)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
	Health Insurance					
H13-1	Dependent verification can ensure that the District is not providing health insurance to dependents of employees who are not eligible and do not meet the District's requirements. The District performed a dependent verification for the 2011-2012 fiscal year and discovered instances where health insurance was being provided for dependents that were not eligible.	We recommend that the District standardize and formalize this dependent verification process to be performed on a periodic basis. This would help to mitigate the risk that the District is providing health insurance to ineligible persons.	Important - Long term	Similar to prior year, the Benefits Office had negotiated with different unions and had started performing dependent verifications within the current year. There has been corrective action in regards to employees whose dependents are not eligible. The District is planning a dependent verification for fiscal year ending 2018.	Corrective action in process	Same as original recommendation.
H113-4	The District uses paper forms during open enrollment, and sends required information updates to all retirees through the mail. Additionally, the District's IT department supports a retiree database used to manage information for all District retirees. This database tracks the name, address, retirement date, birth date, group number, marital status, retiree contributions, dependents, and Medicare information. This database has not been updated in over ten years. Not all retirees have provided an email address, creating a need for printing and mailings, some of which can be substantial, considering the upcoming Federal Health Law regulations and requirements. Currently, the Benefits Office does not have the ability to create many of the reports it needs for daily use. In many instances, a request must be made from the IT Department.	We recommend that the District consider updating the retiree database, which would allow the Benefits Office access to more reports without having to request them from the IT Department. Additionally, we suggest that the District encourage retirees to provide an email address. This would allow the District to provide information required by the Federal government through email, substantially reducing printing and mailing costs.	Routine - Short Term	In August 2017, the BPS Benefits website was redone with a focus on self-service. Employees can now find open enrollment information and other forms on the website.	Corrective action implemented	N/A

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Information Technology (IT)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (IT)	Original Description of Findings Information Technology	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
IT11-1	<p>The current organizational structure of the District's Information Technology ("IT") department may not be adequate to ensure that Information System ("IS") security is properly administered. Based on a review of the District's IT organizational chart and our discussion with IT management, the District does not currently employ a security administrator or similar position. IT management is, however, aware of the need to hire such an employee and is currently searching for an appropriate candidate.</p>	<p>We recommend that the District hire a security administrator to ensure that end users in the District are complying with the District's IS security policy and controls are adequate to prevent unauthorized access to the District's information assets (including data, programs, and equipment). To maintain adequate segregation of duties, the security administrator should be a full-time employee who reports directly to the IT Director. The security administrator's functions may include maintaining access rules to data and other IT resources, maintaining security and confidentiality over the issuance and maintenance of authorized user IDs and passwords, monitoring security violations and taking corrective action to ensure that adequate security is provided, periodically reviewing and evaluating the security policy and suggesting necessary changes to management, and developing a security awareness program for employees.</p>	Urgent - Short Term	The position has not yet been filled; however, funding for this position has been budgeted for future fiscal years	Corrective action in process.	<p>We recommend that the District consider outsourcing the Security/Compliance Officer position until a candidate with the proper credentials is hired.</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (IT)	Original Description of Findings Information Technology	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
IT11-2	<p>A comprehensive written IS policy for the District does not exist or was not available for review. The District maintains certain documents typically associated with an IS security plan such as a written Disaster Recovery Plan, and an Acceptable Use Policy. However, no written IS security policy exists which document the security objectives needed to meet the District's business requirements. Appropriate security objectives may include policies and procedures to ensure the continued availability of the District's information systems and the integrity of the information stored on such computer systems and while in transit, the preservation of confidentiality of sensitive data while stored and in transit, and the conformity with applicable laws, regulations, and standards.</p>	<p>We recommend that senior management of the District should understand and evaluate the security risks of the District, and develop and enforce a written IS policy that clearly states the standards and procedures to be followed. The development of the IS security policy (which provides the framework for designing and developing logical and physical access controls) is the responsibility of senior management of the District who may, in turn, delegate its implementation to appropriate management with adequate controls such as periodic audits, monitoring of security processes, and technical vulnerability assessments. A written IS security policy is intended to contribute to the protection of information assets and its objective is to protect the information assets of the District against all types of risk whether accidental, intentional, or from natural disaster. Responsibilities for the protection of individual information assets and the duties of the security administrator should be clearly defined in the written policy. General guidance on the allocation of security roles and responsibilities in the District as well as detailed guidance for specific sites, assets, services, and related security processes (e.g. recovery and continuity) should be included, and the policy should ensure the systems conformity with laws and regulations, integrity, confidentiality, and availability of data.</p>	Urgent - Long Term	<p>The District has neither a comprehensive written Information Technology security plan, nor the internal expertise to create one. While some steps have been taken to address cyber security related issues, a full audit from a cyber security firm is necessary to identify the full scope of the problem and create an actionable plan to address those concerns. Without external support on best practices for cyber security, the full scope of the problem may not be realized, potentially placing the district at risk for a cyber-attack.</p> <p>Further, IT budgeted for and is currently working with HR on filling a new position specifically to address Cyber Security.</p> <p>In parallel with seeking out external expertise, over the course of the last year, we have implemented the following steps towards an end goal of a comprehensive security plan:</p> <ul style="list-style-type: none"> • Engagement with Microsoft and implemented a centrally managed antivirus and endpoint protection software. • Enterprise-level encryption software has been implemented on administrative laptops. • The firewall has Intrusion Detection Systems (IDS) fully implemented for external threats, and the firewall logs are analyzed for potential anomalies. • BPS has had an initial engagement with an industry expert to analyze current needs and craft District policy. <ul style="list-style-type: none"> • Implementation of an identify management platform <p>Moving into 2018, we are taking the following next steps to develop and implement a comprehensive IT security plan:</p> <ul style="list-style-type: none"> • Security "POP SLAM" scheduled with Microsoft to analyze account rights and user directory permissions. • Continued engagement with the security vendor to produce a testable security plan. • Secure in-house expertise through the hiring of a cybersecurity expert. 	Corrective action in process.	We recommend to continue to working towards implementing a comprehensive security plan.

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (IT)	Original Description of Findings Information Technology	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
IT13-2	The District does not have a comprehensive IT security plan. There is no written document that explains all policies and procedures of the District's IT environment. A comprehensive IT security plan provides an examination of the threats facing the District and the ways the District will deal with these threats. It also contains all IT-related policies and procedures that should be conveyed to all users within an organization. We recommend the District publish a comprehensive IT security plan and make it available to all appropriate IT users.	We recommend the District publish a comprehensive IT security plan and make it available to all appropriate IT users.	Important - Short Term	This plan will be addressed if the IT Department hires a Cyber Security member which is in process.	Corrective action in process.	Same as original recommendation.
IT13-3	Laptops utilized by District employees do not contain encryption software. To protect sensitive data on portable devices such as laptops, the device should have encryption software installed.	We recommend the District install encryption software on all portable devices to reduce the risk of unauthorized access to sensitive data.	Important - Short Term	1375 licenses of Device encryption software (DDPE) have been acquired and configured for use on a limited number of district laptops. DDPE was tested and piloted on a number of IT department devices and has now been rolled out to our most sensitive data holding users including department head and cabinet level positions. Evaluation is ongoing and additional rollouts to other users is forthcoming pending a positive cost/benefit analysis.	Corrective action in process.	We recommend the District conduct a cost/benefit analysis and provide the results regarding encryption.

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Inventory (I)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (I)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
115-1	<p>During our walkthrough of inventory located at the Service Center facility within the inventory and supply departments, we noted the following:</p> <ul style="list-style-type: none"> • Obsolete items on hand, such as incompatible ink cartridges, expired child safety seats and excess steel rods and other metal objects that do not appear to have any applicable use. • Inventory which appeared to be unused included copper tubing fixtures for plumbers and miscellaneous items on the stockroom floor. • Boxes of paper were held in several different locations (instead of one designated area) of the warehouse. Additionally, items were mixed with unrelated inventory items that were consistently used. For example, donated art-kits were located in the middle of the main warehouse floor alongside donated car seats. 	We recommend that the inventory noted herein, as well as any additional obsolete inventory at the Service Center, be sold or disposed of. We recommend that inventory items are properly maintained and organized on the warehouse floor. It would be beneficial to hold all goods similar in nature in one area to make sure the entire inventory is properly counted for.	Important - Short Term	2016 Response: In the past fiscal year and current, there have been multiple auctions that were facilitated from the Budget Officer. As a result from the auctions, the obsolete inventory has either been sold or discarded. The rest of the inventory has been rearranged to be stored with other items in its classification. The Plumbers cage has not been addressed due to the low staffing of the Plumbers Trade.	No response provided for 2017. Corrective action not taken.	N/A
115-3	During our walkthrough of inventory located at the Service Center facility, we noted boxes of potentially confidential information which were marked "shred up to the year 1994", but remained at the Service Center. In addition, these potentially confidential records are not safeguarded and anyone with access to the Service Center warehouse could view them.	We recommend that these records either be shredded or secured in a locked area.	Urgent - Short Term	2016 Response: As part of the transition for new management with the Service Center, the Superintendent for Student Support has now been advised of the prior year's issue. In addition, with the new capital project of the Service Center, there are more stringent safeguards in place regarding access to the Service Center, including security gates. Effective for the 2017-18 budget, the responsibility of document storage will be borne by the Plant Department, under the control of the supervisor of	No response provided for 2017. Corrective action not taken.	N/A
115-4	Subsequent to the retirement of the previous Supervisor of Inventory, a replacement has not been appointed; therefore, there is no supervisory position to act as a liaison and manage inventory between different departments at the Service Center. As such, there appears to be a lack of communication between various departments in the Service Center regarding roles and responsibilities of certain positions, and the enforcement thereof. Having someone in charge of the inventory maintenance at the Service Center will ensure that important tasks are performed, such as conducting periodic physical inventory counts, disposing of obsolete items and reconciling to MUNIS records.	We recommend that the District reviews its options to fulfill this role or establish a standard inventory system which integrates the inventories within all areas of the Service Center.	Important - Long Term	2016 Response: Management is in the process of restoring this position.	No response provided for 2017. Corrective action not taken.	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (I)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
115-9	<p>Inventory</p> <p>It was noted that Purchasing Cards ("P-Cards") are utilized to purchase supplies throughout the Service Center. As part of the District's internal control over P-Card purchases, the Accounts Payable Department performs random audits on monthly purchases. However, there was no documentation provided indicating random audits were performed subsequent to June 2014. Additionally, the random audits provided through June 2014 did not indicate the procedures performed or conclusions reached on the sample tested.</p>	<p>We recommend that random P-Card audits are documented throughout the year. In addition, the District should document the specific procedures performed and conclusions reached. Procedures should include items described in the Buffalo Public School P-Card Policies as follows:</p> <ul style="list-style-type: none"> • Ensuring the card is not utilized by another individual, other than the cardholder. • Reviewing statements for split purchases to circumvent the single transaction limits of the P-card. • Assessing the purchase made is not for personal or unauthorized purpose. • Evaluating the documentation to determine if all required itemized receipts and/or documentation is attached. • Documenting non-business use of P-cards – in memo form, directed to the Chief Financial Officer, Financial Controller, P-Card Administrator and cardholder's Department Head. • Requesting reimbursement from employees for personal or unauthorized use of P-Cards. 	<p>Important - Short Term</p>	<p>Accounting and Claims Audit Department review the summary statement, verify all receipts and other audit documentation to ensure that all P-Card transactions are appropriate and in accordance with existing procurement policies and identify any non-compliant transactions for subsequent resolution.</p>	<p>Corrective action in process.</p>	<p>N/A</p>

Payroll and Personnel (PP)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (PP)	Original Description of Findings Payroll & Personnel	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
PP09-4	During our school location visits, we noted numerous instances where schools call in substitute teachers without posting the teacher's absence to AESOP. Contacting teachers directly circumvents the process and controls related to AESOP that ensure fairness and appropriateness of substitute teacher assignments.	We recommend that the District formalize policies and procedures related to AESOP and posting of teachers absences and use of substitutes. As part of this process, school administrators should certify their acknowledgement of the existence of such policies. Errors that occur during the preparation of statements of service may be prevented through the adoption of new District policy related to utilizing AESOP to its full capacity.	Routine - Short Term	The District focused the role of a full-time employee to substitute teacher management and cost reduction. Additionally, we noted that the District has formalized policies and procedures related to AESOP and have sent out memos outlining appropriate usage of AESOP. The principals have the right to call in substitutes as specifically stated in their contracts. If the District attempted to take this right away from the principals, there are possible legal ramifications.	Corrective action implemented.	N/A
PP09-8 PP10-2	As noted during our control testing of payroll, it appears there is no firm deadline for the submission of statements of service for extra activities in order for them to be processed in a timely manner. As an example, included in our sample was an extra activity statement of service for the week ended October 9, 2009, which was not processed until the period ended October 23, 2009. Such delays in the reporting of time increases the risk that expense may not be recorded in the correct period and that employees may not be paid promptly. Additionally, it hinders the documentation process as when support was sought for the October 9, 2009 payment each prior period statement of service had to be scanned.	We recommend that the District require all extra activity statements of service be submitted timely to the District Payroll Department and processed in the correct pay period.	Routine - Short Term	The automated system has helped with this issue. The Department no longer receives Statements of Service late as only the Bus Aides and Food Service workers still use them. The pay schedule is still sent out specifying the dates that payroll timesheets are due.	Corrective action implemented.	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (PP)	Original Description of Findings Payroll & Personnel	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
PP09-14	New employees may begin working before being officially approved by the Board of Education. Employees (with the exception of substitute teachers and substitute teacher aides) are eventually approved by the Board of Education for work. However, due to the time needed to process paperwork, verify certifications, perform background checks, etc. employees may be working for the District prior to being presented to the Board of Education for official approval.	We recommend that the District not allow prospective employees to begin working until the hire is officially approved by the Board of Education.	Important- Short Term	The Current Status is the same as the prior year. Board meetings are only held once a month. If there is a position that the District can foresee needing to be filled, proper actions are taken for Board approval. However, instances occur when positions need to be filled quickly in instances of employee resignation. In these cases, the Human Resources Department hires a candidate who starts work when necessary and then gains Board approval at the next meeting. The District pays the person the lowest applicable rate until the Board approves or denies the position. If the Board approves of the position and the candidate, the wage will then be adjusted to fit the candidates qualifications. Retro wages are used in these instances.	Risk determined to be acceptable	N/A
PP09-18	Security surrounding personnel files appears to be less than adequate. The business records of the District must be secured in a fire resistant area. That area should be readily accessible to specific employees only, and not be accessible to other District employees or the general public. It was noted that while offices containing personnel files are rarely left unattended, the filing cabinets containing the files are not locked. Furthermore, it was noted that the personnel files for current teachers are not even filed in cabinets. Rather they reside on shelves within the HR Office, susceptible to unauthorized access, damage, or loss.	We recommend that the District improve safeguards surrounding personnel files so as to further prevent unauthorized access, theft, or damage/loss.	Routine - Long Term	The District is waiting for an outcome of testing in regards to cloud storage. If the outcome of the back-up storage test is successful, the HR department will utilize cloud storage for personnel records.	Corrective action in process	Same as original recommendation.

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (PP)	Original Description of Findings Payroll & Personnel	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
PP10-13	As of the date of our fieldwork, we noted that the District utilizes various paper applications and does not have a formal procedure or policy in place that ensures the employment process is directed through Human Resources ("HR"). Due to the legalities of hiring new employees, all hiring decisions should be made by HR. Additionally, the District has various software tools available to streamline the process which are not currently being utilized.	We recommend that the District utilize the expertise and knowledge of its HR in order to prevent litigation or negative attention to the District. Also, since the District's software system has the capability to accept applications and guide them through the approval process, it is recommended that the District utilize this software to streamline the hiring process. Using a formal electronic process will help prevent the District from hiring employees without proper qualifications.	Important - Long Term	The Personnel Department has purchased a Strategic Talent Acquisition, Training, and Onboarding system. Based on Internal Audit's review of the RFP, it appears this new system will streamline the entire hiring process. Implementation is forthcoming.	Corrective action in process	We recommend that the District continue the RFP process in order improve the hiring process.
PP14-1	Information in the Automated Educational Substitute Operator ("AESOP") should be up to date to ensure that only qualified substitute teachers are filling in vacancies. The District does not have a standard process to periodically update and maintain information in the AESOP system.	We recommend the District implement a standard process that specifically establishes a recurring length of time to update and maintain certifications, skills, rosters and other pertinent school information within the AESOP system.	Important - Short Term	Per District policy, all substitute teachers are requested through AESOP. The District is still in the process of moving towards an electronic system of recordkeeping. In this process the District plans on implementing a standard process to ensure reviews are conducted. In addition, the District has hired a full-time position dedicated to substitute teacher management and cost reduction.	Corrective action in process	Same as original recommendation.
PP14-4	The accounting codes entered within AESOP determine what specific budget codes are charged and paid from. Incorrect entering of accounting codes may lead to increased costs of reconciling payroll, as well as, difficulties in analyzing related budget costs and trends. Based on our inquiries and observations regarding this process in AESOP, we noted the following potential risk: Teacher profiles are not being updated when teachers move between schools, causing incorrect budget codes to be charged; Incorrect accounting codes are being entered when creating an absence in AESOP (i.e. coded to a school - General Fund vs. coded to a grant - Special Aid Fund); Incorrect accounting codes are being entered in AESOP relating to professional development or events held at a specific school.	We recommend that the AESOP handbook be updated with specific guidelines to mitigate the potential risks outlined above. Further, the District should provide regular AESOP training to users of the system.	Important- Short Term	The Substitute Management Office website has been updated to include all AESOP tutorials for employee use which is utilized instead of a handbook and it also acts as a training system.	Corrective action implemented.	N/A

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Purchasing and Accounts Payable (PA)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (PA)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
Purchasing & Accounts Payable						
PA 16-1	Based on our inquiries and understanding of the District's purchase requisition process, certain types of commodity codes are pre-assigned to Purchasing Department employees ("buyers") for review and to generate a purchase order. However, we noted that the MUNIS system does not require commodity codes to be assigned to requisitions in order to be submitted. Without a specific commodity code attached, requisitions are not assigned to a specific buyer and sent into a "ghost que". Unless, this "ghost que" is regularly checked, the purchasing process could be significantly delayed.	We recommend that the District inquire about a possible automated control in MUNIS that would not allow a requisition to be processed without a specific commodity code assigned.	Important - Short Term	Requisitions lacking commodity codes continue to be an issue within the purchasing process. The IT department has expressed that this will be costly to implement and MUNIS has not made any attempts at fixing the problem. As a compensating control, the Director of Purchase regularly reviews for requisitions lacking commodity codes.	Corrective action in process	N/A
PA 16-2	Based on our inquiries, certain District purchases that require competitive bids or proposals are technical in nature. In order to document and support the decision to select a particular vendor, an evaluation matrix is often utilized. However, many of the matrices used do not include written criteria to support a basis for scoring bids. An effective review over this process would allow the Purchasing Department to review bid results and easily understand why a specific vendor was chosen.	We recommend that the Purchasing formalize and communicate this process with Departments. For all bids that are technical in nature, written criteria for matrices should be documented within bid results.	Important - Long Term	The process for bids is as follows, the Purchasing Department emails all Department heads responsible for RFP's a template to follow. The Department will then draft the specs of the bid. This will then be reviewed by Purchasing and then posted for bids to be received. Once the bidders put in their information, the Department will then evaluate the responses and then grade them using a template. Each Department has different ratings. Purchasing will then evaluate the winner of the bid per the Department. If there are any questions regarding the bid, such as why they chose someone with a higher cost, then Purchasing and the Department will come to a mutual agreement. This is the process for all departments besides the Plant Department, which handles all of the major capital project formal bids. In this case, Purchasing just receives a copy of the requisitions and turns them into purchase orders. Noted that a bid review committee is in the process of being formed, in which one representative will be documenting the bid results.	Corrective action in process	We recommend that the District formalize the new bid reviewing committee process through a written document to enhance the RFP awarding process.
PA 16-3	Based on our sample testing of Service Center expenditures, we noted 4 out of 10 items did not indicate approval of the department head on the MUNIS system. Without proper approval and review, the District is at risk for unauthorized purchases to occur and not otherwise be detected	We recommend that all department heads sign off on purchases requested within the MUNIS system. This will lead to an audit trail and in turn will decrease the possibility of unauthorized purchases.	Routine - Short Term	The level of approvals for the Service Center is as follows, the Service Center Clerk who request the item and then Purchasing. There is no manager at the Center that would have to approve the purchase since this position is not filled.	Corrective action not implemented.	We recommend the Service Center hires a Manager in order to review and ensure the inventory requested is necessary and within their budgeted amounts.
PA 16-4	Based on our sample testing of travel expenditures, we noted 3 out of 10 items chosen did not include documentation describing the purpose of the travel or conference.	We recommend that all travel requests include documentation to substantiate the purpose of the conference prior to approval. For example, the District would require a pamphlet, brochure or narrative for all conference traveling. The individual responsible for obtaining the narratives should evaluate whether travel or conference was of commensurate value to the District compared to the amount spent, and if the conference should be attended in the subsequent year.	Important - Short Term	The Department sent out a reminder e-mail regarding travel and entertainment forms. It was noted in the e-mail that these have to be pre-approved along with an attachment of the event to be attending. In addition, the Department worked with the Superintendent regarding items that travel would be needed (conferences, tournaments, etc.). If the request for a specific item occurs each year and there was no prior notice given, then the attendee would be denied. As of April 2018, travel requests are obtained electronically through Adobe Sign. This allows for all approvals to be documented and time stamped. Additionally, all supporting documentation for travel (conference itinerary) is attained in this process.	Corrective action implemented	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (PA)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
	Purchasing & Accounts Payable					
PA 16-5	It was noted that throughout testing for vendor maintenance of the 10 samples chosen, 3 did not have a W-9 Request for Taxpayer Identification Number and Certification attached within the vendor file on MUNIS. However, we obtained the physical copy of the W-9 and noted it was not scanned into the MUNIS system because it was an older vendor. Without a valid W-9 attached, the District is at risk of potentially distributing funds to shell corporation.	We recommend that the District scan all W-9's into the MUNIS system for all vendors. This will ensure that all vendors are valid.	Important - Long Term	The District has been scanning all W-9's for each vendor, and requiring all new vendors for provide a W-9 before the District conduct business with them.	Corrective action implemented.	N/A
PA 16-6	Based on our sample testing of lease expenditures, we noted that 6 lease payments out of our sample of 10 did not have the lease agreement and/or contract attached to the purchase order.	We recommend that all lease agreements be attached to all purchase orders involving lease payments to vendors including, purchase orders that are a continuation of a prior period lease.	Routine - Short Term	The Department has communicated this to all departments. However, a test has not been conducted to ensure that this has been fully implemented.	Corrective action in process	We recommend the District take a sample and ensure that proper documentation is being attached to lease payments.
PA 16-7	Based on our sample testing employee reimbursements, 1 out 5 items tested included a reimbursement for an ink cartridge replacement. Employee reimbursements are generally for items such as travel, meals, lodging, etc. As ink cartridges are an office supply, they should be purchased through the normal procurement process.	We recommend that all employee reimbursements are for items that would not be appropriate to process through a purchase order. All other items should be denied when requested and employees should follow the procurement process for items such as office supplies.	Routine - Short Term	The Department has communicated this to all departments. We have viewed the e-mail chain with the Director.	Corrective action implemented.	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (PA)	Original Description of Findings Purchasing & Accounts Payable	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
PA17-1	Purchase Cards ("P-Cards") were not audited monthly by the Claims Auditors, primarily due to the absence of key employees within the Finance Department. The Purchase Department reviews spending trends on a weekly basis; however, no compensating reviews were performed in regards to individual purchases made with P-Cards.	We recommend that the District develop formal procedures for the Claims Auditors. This includes the duties to be performed by each auditor within the Department and an alternative plan if one leaves the District.	Important - Short Term	Accounting and Claims Audit Department review the summary statement and conduct the periodic reviews required by existing policies to ensure that all P-Card transactions are appropriate and in accordance with existing procurement policies and identify any non-compliant transactions for subsequent resolution.	Corrective action in process.	N/A
PA17-2	The Plant Department has a bidding process unique from the rest of the District departments, which utilize the process developed in the Purchase Department. Although the process is sufficient and detailed, the Board and other departments are not aware of their procedures.	We recommend that the Plant Department consider a formal communication or training session with Management and the Board as well as the Purchasing Department to present their bidding procedures. This may include a sharing of ideas, templates used, and examples shown. Considering the District's efforts to streamline an electronic contract process, the Plant Department's process should be evaluated for conformity and also reviewed for any steps which could be integrated into the District-wide bidding process.	Important - Short Term	The Plant Department procures both construction and professional services, and acts independently from the Purchasing Department. The Plant Department has met with Purchasing in order to communicate processes better. After meeting with the Purchasing Department, the Plant Department will now not only advertise but place the projects on the District's website. Construction projects are competitive public bids. The project is advertised through the Buffalo News, the Challenger, the Buffalo Rocket and other local newspapers. Sealed bids are submitted to the Plant Department at a prescribed time and date. Any bids received after are not considered. At the prescribed time the bids are publicly opened and read aloud in the Plant Department's office. After review of the proper paperwork from the contractor, the Plant Department makes a recommendation on the bidder to the Board. With the Board's approval, the Plant Department enters into a contract with the contractor. Bids are based on the lowest responsible bidder's price. Consultants are chosen through an evaluation process. Every two years the Plant Department advertises in the same newspapers a request for qualifications from professional engineers and architects for consideration of working on Buffalo Public School projects. The Plant Department ends up with approximately 40 vendors. When a project requiring a consultant is identified, the Plant Department will send out an RFP to the 6-8 vendors they deem most qualified for the particular project based on their submitted qualifications. The Plant Department asks them to submit a proposal and evaluates their proposals based on predetermined criteria. Price is one, but not the only, criteria. Once a selection is made the Plant Department submits their recommendation to the Board. For larger projects, the Plant Department will publicly advertise and evaluate in the same manner.	Corrective action in process.	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (PA)	Original Description of Findings Purchasing & Accounts Payable	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
PA17-3	There are no uniform procedures in analyzing bidding results throughout the District's various departments. Most departments' bids are analyzed utilizing matrices developed by the Purchase Department; however, the criteria for these matrices are not established within each individual RFP. In addition, the matrices are not uniform from bid to bid. For example, one bid may utilize a 1 to 5 ranking scale while another bid may utilize a 1 to 10 ranking scale. This creates the opportunity for bid results being more subjective at the Department's discretion.	We recommend that the District establish formalized procedures in regards to the evaluation of bids. This should include a provision in which, if matrices are used, there should be criteria for the matrix itself, along with what constitutes an awarded rating of a 1 to 5.	Important - Long Term	Director of Purchasing is developing a standardized RFP scoring matrix with the cooperation of staff that frequently request RFP solicitations for services. The commodities bid reconciliation process remains as is: lowest responsible bidder is awarded unless there are extenuating circumstances.	Corrective action in process.	N/A
PA17-4	Certain contracts within Special Education, Benefits Office, and Information Technology were noted taking as long as one year from the RFP date advertised to the date a contract was executed. This lengthy process is primarily attributed to the contract procedures within the District.	We recommend that the District demonstrate its continued effort towards creating a more efficient contract process to allow for a shorter turn-around time.	Important - Long Term	The District questions the recommendation, as it seems to be individual departmental responsiveness that attributes to the length of time an RFP process is culminated with an executed contract, moreso than a District contract process deficiency. The primary reason for the lag between RFP opening and contract execution is attributed to the inconsistency by the various departments for whom the RFP's were executed for. In many cases, the departments fail to address and analyze the RFP's submitted with any sense of urgency, which could lead to a speculation of the veracity of the genuine need of the services. As for the contract process, the District recently adopted an electronic contract approval system which streamlined the process, moving approvals along at a much quicker pace and providing real-time tracking of the process throughout the journey of the document.	Corrective action to be determined	N/A
PA17-5	Contracts were often awarded to vendors who were on the New York State Office of General Services approved contract list. Although many of the awards were for State mandated specialized services, there were also general services (such as IT network maintenance and hardware purchases) included on the request for proposals that could have gone out separately to general bid for further competition.	We recommend that the District analyze all contracts for State approved vendors and determine whether the goods or services should go out to general bid.	Important - Short Term	This may have been true in the past, but not so much presently. The current protocol for the abovementioned OGS contracts is to solicit mini-bids derived from OGS awarded contracts (i.e. much like a BAFO (best and final offer) or a "second bite of the apple"). To state that putting out our own bids rather than piggy backing or issuing mini-bids from established contract awards is idiosyncratic, and cannot be considered practical in all cases. As for the enhanced competition, we have discovered there are more vendors that participate in State-wide bids than our own bids. This is for obvious reasons, such as the State bids offering more of an opportunity for a wider spectrum of demand. There is however, validity to the District issuing our own bids for one-time, high volume commodity requirements, such as 500 cases of floor finish or 1000 cases of trash can liners etc.	Risk determined to be acceptable.	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (PA)	Original Description of Findings Purchasing & Accounts Payable	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
PA17-6	During review of the bidding process, three of the ten proposals received for an IT contract RFP were noted in the initial review as being determined responsible bidders. However, when the lead bidders were compared using a matrix, one of the three responsible bidders was excluded from further consideration while other bidders deemed as non-responsive were given the matrix consideration.	We recommend that the District ensure all bidders found to be responsible in the initial review of bids be consistently included during the matrix consideration progress and further review.	Routine - Long Term	<p>The District acknowledges that all responsive bids should be included in an evaluation matrix for projects that advance to award. In this instance however, the project was abandoned before award and offer the following explanation as to what transpired:</p> <p>Ten proposals were received, nine network switch proposals, and one for wireless equipment only. The nine network switch proposals were divided into three cost bands below:</p> <ul style="list-style-type: none"> • On the lowest cost band, all three proposals were deemed not responsive via an in-depth evaluation and duly noted on the detailed evaluation matrix and summary cost matrix. • On the middle cost band, all three proposals were determined to be lowest responsive cost via an in-depth evaluation. The three proposals were duly noted on the cost summary matrix however only two proposals were noted on the detailed evaluation matrix before the project was halted and we stopped work. • On the highest cost band, all three proposals were deemed not cost effective and therefore did not received the same in-depth scrutiny as the two lower cost bands due to time constraints. All three proposal were duly noted on the cost summary matrix however the detailed matrix was not updated before the project was halted and we stopped work on the evaluation. <p>As previously noted, the tenth proposal was not a complete solution, it was for wireless equipment only and duly noted on cost summary matrix as wireless only. Going forward IT will ensure that all responsible bidders are evaluated by a matrix.</p>	Corrective action in process.	N/A

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Revenue and Accounts Receivable (R)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (R)	Original Description of Findings Revenue & Accounts Receivable	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
R09-4 R10-3	The utilization of swipe cards containing photo identification for students and faculty would improve many processes and eliminate error in key areas where the lack of or poor internal controls could lead to the loss of District revenues.	Swipe cards used at the entrances to the buildings in the morning could easily track student attendance and automatically update an online attendance system. Cards could be tailored to identify the student's individual circumstances. Cards could also identify students with other special needs by listing the student's NYS Department of Social Services number that would identify them as Medicaid eligible or a special needs student. The cards could also list the student's bus number and would identify the student's bus route, as well as assist the bus aides by providing photo ID. The bus information would also assist in tracking transportation aide from NYS, which is driven by actual expenses per bus student. Additionally, swipe cards with photo ID for students and faculty would provide much improved security at the schools creating a safer environment for the children.	Important - Long Term	Response same as prior year, at this time no decision has been made by the Board of Education regarding the implementation of a swipe system.	Risk determined to be acceptable	N/A

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Special Education (SE)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (SE)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
	Special Education					
	No findings noted.					

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Workers' Compensation (WC)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through June 2018	Current Status	Current Recommendation
Workers' Compensation						
WC12-2	The District is currently self-insured for its workers' compensation insurance benefits. However, the District does not have stop-loss insurance coverage for workers' compensation claim payments.	We recommend that the District consider purchasing a stop-loss insurance policy in order to limit its exposure, especially in instances where workers' compensation benefit payments may extend for a number of years or the lifetime of an employee.	Important - Long Term	The Benefits Office reviewed the cost of implementing this change. It was determined that the cost outweighed the benefit and they have therefore passed on implementing this change.	Risk determined to be acceptable	N/A
WC12-12	The Workers' Compensation Analyst notifies the District's payroll department when an employee will be on leave from work due to a workers' compensation claim. The status of the employee is then updated in the District's payroll system by the payroll department. All lost time claims for employees who receive full wages as part of their workers' compensation benefits are currently being manually tracked by the Workers' Compensation Analyst.	We recommend that the District consider automating the process of tracking lost time claims within the payroll system in order to replace or enhance the current manual process.	Important - Long Term	The Payroll system for tracking lost time claims is now 100% automated for the taxable portion. As of August 2017, the District uses POMCO to track the non-taxable portion of the claim	Corrective action implemented.	N/A

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