

**BUFFALO CITY SCHOOL DISTRICT**

*Risk Assessment–Findings and Recommendations for the  
Year Ended June 30, 2020 and Follow-up on Prior  
Findings and Recommendations with Updates and  
Responses for the Year Ending June 30, 2021*



**BUFFALO CITY SCHOOL DISTRICT**  
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Year Ended June 30, 2020 and Follow-up on Prior  
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Responses for the Year Ending June 30, 2021*  
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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 2019 and the risk assessment findings and recommendations for the year ended June 30, 2020. 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 year ended June 30, 2009 through the fiscal year ended June 30, 2020, with updates and responses for the year ending June 30, 2021.

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.

The District’s written responses to the findings identified in this report have not been subjected to the procedures performed during our risk assessment and, accordingly, we provide no assurance over them.

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 10, 2021



**Risk Assessment -  
Findings and Recommendations for the Year  
Ended June 30, 2020 and Follow-up on Prior Findings  
and Recommendations with Updates and Responses  
for the Year Ending June 30, 2021**





**BUFFALO CITY SCHOOL DISTRICT**  
***Risk Assessment–Findings and Recommendations for the***  
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***Findings and Recommendations with Updates and Responses***  
***for the Year Ending June 30, 2021***

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**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 2019.

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.

The District now maintains 78 findings and recommendations. Of note, 6 of the 78 findings have corrective actions implemented and will be removed in the subsequent year’s Risk Assessment Follow-up report. Appendix A includes 4 new findings identified during the risk assessment procedures for the fiscal year ending June 30, 2020. The findings and recommendations presented in each internal control cycle or area are summarized as follows:

Internal Control Cycle or Area	Number of Recommendations	Criticality			Timeline	
		Urgent	Important	Routine	Short-Term	Long-Term
Adult Education (AE)	1	-	1	-	1	-
Athletics (A)	4	-	2	2	4	-
Benefits (B)	5	-	4	1	4	1
Capital Assets (CA)	6	2	3	1	5	1
Extraclassroom Activity (E)	16	-	13	3	13	3
Food Service (FS)	1	-	-	1	1	-
Grants (G)	2	-	2	-	1	1
Health Insurance (HI)	1	-	1	-	-	1
Information Technology (IT)	9	2	7	-	6	3
Inventory (I)	2	-	2	-	-	2
Payroll and Personnel (PP)	12	-	5	7	9	3
Purchasing, Accounts Payable and Disbursements (PA, PC)	6	-	4	2	5	1
Revenue and Accounts Receivable ( R)	11	4	7	-	9	2
Special Education (SE)	2	-	2	-	2	-
<b>Total recommendations</b>	<b>78</b>	<b>8</b>	<b>53</b>	<b>17</b>	<b>60</b>	<b>18</b>

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	2020 New Findings Identified*	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)	4	-	-	2	-	-	2
Benefits (B)	5	-	-	3	2	-	-
Capital Assets (CA)	6	1	1	4	-	-	1
Extraclassroom Activity (E)	16	2	1	4	1	-	10
Food Service (FS)	1	-	-	-	1	-	-
Grants (G)	2	-	-	1	1	-	-
Health Insurance (HI)	1	-	-	1	-	-	-
Information Technology (IT)	9	1	-	3	-	4	2
Inventory (I)	2	-	-	1	-	-	1
Payroll and Personnel (PP)	12	-	2	8	2	-	-
Purchasing, Accounts Payable and Disbursements (PA, PC)	6	-	1	2	3	-	-
Revenue and Accounts Receivable ( R)	11	-	-	-	1	-	10
Special Education (SE)	2	-	1	-	1	-	-
Total recommendations	<u>78</u>	<u>4</u>	<u>6</u>	<u>29</u>	<u>13</u>	<u>4</u>	<u>26</u>

(\*Findings identified during the year ending June 30, 2020 risk assessment will have follow-up procedures performed in the subsequent year.)

**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 -  
Findings and Recommendations  
for the Year Ended June 30, 2020**



# BUFFALO CITY SCHOOL DISTRICT

*Risk Assessment —  
Findings and Recommendations  
For the Year Ended June 30, 2020*

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## **Adult Education (AE)**

No new recommendations noted relating to the Adult Education Cycle.

## **Athletics (A)**

No new recommendations noted relating to the Athletics Cycle.

## **Benefits (B)**

No new recommendations noted relating to the Benefits Cycle.

## **Capital Assets (CA)**

### **Recommendation #CA20-1**

**Criticality: Important**

**Timeline: Short-term**

Based on discussions with management, we noted that the Audit Inspector position within the District has been vacant since September 2019. The Audit Inspector job included responsibilities related to tracking and maintenance of capital assets, as well as performing random spot checks of capital asset inventory. These duties have not been performed since the position has become vacant.

We recommend that the District evaluate the duties assigned to this position and determine whether to assign them to existing personnel or replace the Audit Inspector position.

**Management response:** The District filled the vacant Auditor role in December 2020. The Financial Controller and Auditor will be working together to determine the need to fill the Audit Inspector role. If needed, the Audit Inspector would be cross trained to perform additional tasks within the audit department.

**Responsible person:** Julie Carbone, Financial Controller

**Timeframe:** June 2021

## **Extraclassroom Activity (E)**

### **Recommendation #E20-1**

**Criticality: Important**

**Timeline: Short-term**

We noted through discussion with management that the District does not have a succession plan in place for the Auditor position that focuses solely on the extraclassroom activity programs. This position performs extraclassroom activities internal audits and educates students and faculty on the rules and regulations surrounding the program.

We recommend that the District develop a succession plan for this position.

**Management response:** The District has filled the previous vacant Auditor position. The Auditor is being trained to perform various internal audits, manage the internal audits, extraclassroom and various Accounts Payable and Accounting processes. The Auditor will also assist in cross training other staff.

**Responsible person:** Julie Carbone, Financial Controller

**Timeframe:** January 2021

**Recommendation #E20-2**

**Criticality: Routine**  
**Timeline: Short-term**

We noted through discussion with management that the software used for extraclassroom activities does not include a function that flags deposits in transit outstanding for a specified period of time.

We recommend that the District implement a function to track outdated deposits in transit.

**Management response:** The Senior Auditor reviews all extraclassroom bank reconciliations monthly and follows up with schools if a deposit in transit does not clear timely. The system unfortunately does not have the capabilities to flag deposits in transit. We have also requested that this function be added as part of a software update in the future.

**Responsible person:** Julie Carbone, Financial Controller

**Timeframe:** January 2021

**Food Service (FS)**

No new recommendations noted relating to the Food Service Cycle.

**Grants (G)**

No new recommendations noted relating to the Grants Cycle.

**Health Insurance (HI)**

No new recommendations noted relating to the Health Insurance Cycle.

## **Information Technology (IT)**

### **Recommendation #IT20-1**

**Criticality:** Important

**Timeline:** Short-term

In the past, the District has issued an IT Strategic Plan that outlines the District's plans and goals in terms of integrating technology based equipment into classrooms. The District's most recent IT Strategic Plan covers the period of 2016-2019. The District has not yet begun the process of creating a new plan for the future.

We recommend that the District begin the process of creating a new multi-year IT plan to ensure the District can successfully plan and budget for technology equipment integration.

**Management response:** The District agrees with the finding and intends to work to develop a new multi-year IT plan within the next fiscal year.

With the advent of remote learning as a result of Covid-19, the District quickly implemented a multi-million-dollar investment in technology for students' home use; both in synchronous and asynchronous environments. Now with the phase-in of in-person education the district has pivoted again to ensure all technology needs are met as we close out the 2020-21 school year. It must be noted that education of students still happened during the Covid-19 closure, as a result of the hard work of the instructional division and the support of the information technology division. Fully documenting these systems and various contingency plans will be forthcoming in the next fiscal year.

Additionally, as a result of the cyberattack the District encountered in March 2021 this plan will encompass remediation of the cyberattack impact.

**Responsible person:** Myra Burden, Chief Technology Officer

**Timeframe:** 2021 – 2022, and beyond for full restoration from cyberattack

## **Inventory (I)**

No new recommendations noted relating to the Inventory Cycle.

## **Payroll and Personnel (PP)**

No new recommendations noted relating to the Payroll and Personnel Cycle.

## **Purchasing, Accounts Payable and Disbursements (PA)**

No new recommendations noted relating to the Purchasing, Accounts Payable and Disbursements Cycle.

## **Revenue and Accounts Receivable (R)**

No new recommendations noted relating to the Revenue and Accounts Receivable Cycle.

## **Special Education (SE)**

No new recommendations noted relating to the Special Education Cycle.



**Appendix B -  
Matrix of Findings, Recommendations and Implementation  
for the Years Ended June 30, 2009 through 2019**



# **Adult Education (AE)**



Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (AE)	Original Description of Findings Adult Education	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
AE13-1	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.	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.	Important - Short Term	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.	Risk determined to be acceptable	N/A

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## **Athletics (A)**





Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
<p><b>(A)</b> <b>A09-2</b> <b>A10-2</b> <b>A15-2</b></p>	<p><b>Athletics</b> 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 was planned to be decided by the Board in December 2017, however, no policy has yet to be established. The policy planned would 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><b>A15-1</b></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"> <li>• 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.</li> <li>• Standard athletic forms—Forms for reconciliations, deposits, and purchase orders should be tailored to all athletic departments and proper use detailed in a policy.</li> <li>• 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.</li> <li>• Vault and cashbox policies—The policy should include standardized cash vault procedures and limited vault access in order to prevent theft.</li> <li>• 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.</li> </ul>	<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>Refer to the Athletics Cycle Risk Assessment report for the fiscal year ending June 30, 2020 for further information regarding District corrective actions.</p>	<p>Corrective action in process</p>	<p>We recommend the District continue to implement the remaining policies included within the original recommendation.</p>

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
<p>(A)</p> <p><b>A19-1</b></p>	<p><b>Athletics</b></p> <p>It was noted that a majority of the athletics coaches are responsible for the custody of cash received at sporting events if there is no designated Site Supervisor. Once the cash is collected, the coach is responsible to secure it in a safe location; however, they do not have access to a safe and often lock the cash in a sports locker until they turn the funds over to the appropriate individual with access to store the cash in a secure location.</p>	<p>We recommend that the District standardize District-wide procedures to ensure an individual is designated to collect and secure the funds. This individual should have access to the safe to secure the funds immediately after the sporting event.</p>	<p>Important - Short Term</p>	<p>The District agrees with the need to improve cash collection procedures at sporting events. The department has established step-by-step procedures which designate all event day cash collection responsibilities to appropriate personnel. Additionally, we note the need to purchase and install door safes in each main office where there is a mail slot on the front of the door to make deposits and secure drop box behind the locked door where the School Clerk is the only one with a key.</p> <p>Responsible person(s): Cecelie Owens (Assistant Superintendent of HE/PE &amp; Athletics) and Michael House (Athletic Director)</p> <p>Timeframe: September 2021 and beyond</p>	<p>Corrective action in process.</p>	<p>Same as original recommendation.</p>
<p><b>A19-2</b></p>	<p>Per the Procedures for Documenting and Depositing Extraclassroom Activity Funds policy, which is utilized for extraclassroom activities as well as by the Athletics Department, "pre-numbered receipts or tickets are issued upon the collection of individual payments for such events as dues, assessments, admissions and individual items. Doubled roll pre-numbered tickets should be used for admission (sports)." The District utilizes pre-numbered tickets for the entry to football games in order to track sales. However, it was noted that not all sporting events that charge an admission fee utilize pre-numbered tickets.</p>	<p>We recommend that the District evaluate the procedures in place for sporting events to ensure pre-numbered tickets are being utilized for all events that collect admission fees.</p>	<p>Routine - Short Term</p>	<p>The District agreed with findings. The District now utilizes pre-numbered tickets for entry to all sporting events. Additionally, a new ticket accounting form is now utilized at all sporting events to note starting and ending ticket numbers as well as total money received.</p> <p>Responsible person(s): Cecelie Owens (Assistant Superintendent of HE/PE &amp; Athletics) and Michael House (Athletic Director)</p> <p>Timeframe: Completed</p>	<p>Corrective action implemented.</p>	<p>N/A</p>

**Benefits (B)**



Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (B)	Original Description of Findings Benefits	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
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. Starting on January 1, 2020, the District will pay the taxable and nontaxable portion of the claim up to the contractual benefit and has a third-party service provider, PMA, 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.	Risk determined to be acceptable	N/A
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	Same as last year, 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
WC12-3 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 disburged students using verbal, non-verbal and physical intervention as a result. Second, each school will develop a Conflict Resolution Committee to minimize fights. No progress has been made during the current year as there is no additional funding for trainings of these kinds. The District is fully insured and only pays claims, not premiums.	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, however no progress has been made on this recommendation during the current year.	Corrective action in process	Same as original recommendation.

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (B)	Original Description of Findings Benefits	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
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 the current fiscal year to coordinate with the new third-party health insurance provider for Medicare Advantage, Independent Health, and BCBS of WNY, our third-party administrator of health insurance for all other employees to better monitor canceling coverage.	Corrective action in process	Same as original recommendation.

## **Capital Assets (CA)**





Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (CA)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
CA14-1	<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. 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>Similar to the prior year, the District has been utilizing the SchoolDude ticket system for capital assets. However, there continues to be 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>
CA19-1	<p>The District does not have a formal policy which requires Board approval for capital asset dispositions.</p>	<p>We recommend that the District establish a formal policy outlining the procedures that should be followed when an asset is disposed of. This policy could set dollar thresholds which would dictate what assets need to be Board approved, or simply approved by the individual Department head prior to disposal.</p>	Routine - Short Term	<p>The District Board Policy 5230- Disposal of District Property will be reviewed and language specifying the dollar thresholds for dispositions requiring Board approvals will be recommended to the Board, based on an analysis industry best practices</p> <p>Responsible person: Julie Carbone, Financial Controller Timeframe: October 2021</p>	Corrective action in process	N/A
CA19-2	<p>The District's Plant Services Department maintains a listing which outlines capital projects that the District plans to perform in future years. In addition, as required in the annual communication with the Buffalo Fiscal Stability Authority, the District projects out total annual capital costs within its Four Year Financial Plan. The Government Finance Officers Association ("GFOA") establishes criteria for what an optimal multi-year capital plan should entail. This criterion includes, but is not limited to:</p> <ul style="list-style-type: none"> <li>• Identifies expected capital needs, covering a period of three to five years</li> <li>• Establishes standard criteria for determining prioritization of projects (i.e., safety concerns, Board request, etc.) <ul style="list-style-type: none"> <li>• Establishes project scope and cost</li> </ul> </li> <li>• Details estimated amounts of funding by anticipated sources</li> <li>• Includes cash flow projections of the amount and timing of capital financing <ul style="list-style-type: none"> <li>• Projects future operating and maintenance costs</li> </ul> </li> </ul>	<p>We recommend that the District utilize the Plant Services Department listing of capital projects and compare with the GFOA guidelines to create a more cohesive multi-year capital plan document. This comprehensive capital plan should be formalized annually to assist the District to properly plan, evaluate, and take action on what capital needs and funding are necessary for the District's capital success.</p>	Urgent - Long Term	<p>The Facilities Planning Department is developing a master listing of existing and proposed project, maintenance needs, and potential cost savings improvements (e.g. energy efficiency and modernization). This listing will utilize the feedback from schools and all the various departments under the Plant division. The listing will be used to develop a long term capital plan.</p> <p>Responsible person: Juan Perez, Acting Director of Facilities Planning Design and Construction Timeframe: September 2021</p>	Corrective action in process	N/A

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (CA)	Original Description of Findings Capital Assets	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
CA19-3	The District's Plant Services Department, which oversees a significant amount of the District's investment in capital assets, has recently experienced management turnover in key positions. To date, the duties and responsibilities of these roles have been assumed by other existing employees within the Department.	We recommend that the Plant Services Department work with the Board to identify an appropriate management staffing model and appropriately fill those needs. Management oversight is critical to ensure the Department is operating effectively, efficiently and accomplishing the organization's overall goals.	Urgent - Short Term	<p>The Executive Director has retired as of January 31, 2020. A search has been conducted, but has not identified a candidate to take that role. Until a top candidate has been identified, the position will not be filled; the District may also look at alternatives to filling this position, including a consulting arrangement. As of February 2020, the roles in the Plant Department have been split between several Cabinet members as follows:</p> <ul style="list-style-type: none"> <li>• Building Security, Building Engineers, Grounds, Trades – Jim Weimer, COO</li> <li>• Safety and Health – Will Keresztes, Chief of Intergovernmental Affairs, Planning, and Community Engagement</li> <li>• Capital Planning and Budgeting – Geoffrey Pritchard, CFO</li> </ul> <p>Director of Building Repairs, which directly supervises the Trades, and report to the COO has been filled as of November 2020. This position had been unfilled for several years, and the Tradesmen reported directly to the Executive Director.</p> <p>The Director of Facilities Planning Design and Construction retired in January 2021, and has been filled in an Acting capacity since that date.</p> <p>The Assistant Director of Finance in Plant retired in January 2021, and has been filled with a new position, Budget Examiner, as of April 2021.</p> <p>Responsible person(s): Various per listing above Timeframe: Initial reorganization took place in January 2020; Executive Director position to be filled as soon as practicable.</p>	Corrective action in process	N/A
CA19-4	Based on inquiries and observations performed within the Plant Services Department, the Finance Division performs bank reconciliations and prepares journal entries with no review or approval completed by a second individual until they are submitted to the District's Finance Department.	We recommend that the Plant Services Department–Finance Division implement additional control procedures; whereby an individual independent from the preparer will review journal entries and bank reconciliations on a timely basis. We also recommend that the Plant Services Department–Finance Division communicate these policies and procedures to the District Finance Department to ensure all parties involved coordinate the procedures to be performed.	Important - Short Term	<p>Due to staffing changes and office reorganizations over the last year, the accounting department will now be completing the journal entries and bank reconciliations. All supporting documentation will be attached.</p> <p>Responsible person: Julie Carbone, Financial Controller Timeframe: Implemented – June 2021</p>	Corrective action implemented	N/A

## **Extraclassroom Activity (E)**



Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
<b>(E)</b> <b>E09-3</b>	<b>Extraclassroom Activity</b> 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	Similar to the prior year, 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
<b>E09-6</b> <b>E09-7</b> <b>E10-5</b> <b>E10-6</b>	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.
<b>E15-1</b>	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 formally implemented this software on September 1, 2018. The software has provided many improvements to the deficiencies noted within the District's previous system and the District will continually to implement the software ensuring all possible deficiencies are resolved.	Corrective action implemented	N/A
<b>E15-2</b>	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	Same as original recommendation.

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (E)	Original Description of Findings Extraclassroom Activity	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
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 has been actively researching ways in order to implement the collection of New York State sales tax during the current year. A procedure to implement the collection of New York State sales tax is in the process of being created.	Corrective action in process	N/A
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	In January 2018, the Board approved the use of SchoolFunds Online ("SFO") software. The District formally implemented this software on September 1, 2018. The software provides the capability of producing a Form 1099 and the District plans to utilize this function within the software.	Corrective action in process	N/A
E18-1	The District does not collect or remit sales tax within their Extraclassroom activities. Per the NYS extraclassroom pamphlet, activities acting as sales agents must collect and remit sales tax. At 5 out of the 5 schools visited, sales tax was not collected or remitted. Also, the District does not file Form 1099 MISC with the Internal Revenue Service. The New York State extraclassroom pamphlet states "the central treasurer must monitor compliance with IRS guidelines regarding the filing of statement 1099 miscellaneous".	We recommend that the District implement formal procedures to collect and remit sales tax. The District should develop training and provide a reference guide for central treasurers, faculty advisors and student activity treasurers that details which sale items that sales tax must be collected on. Further, we recommend that the District evaluate each clubs' exposure and compliance for the IRS Form 1099 MISC. Generally, the threshold for requiring filing such form is disbursements of \$600 or greater.	Important - Short Term	Management is reviewing responses and prioritizing the correction action for the 2021-2022 fiscal year.	Corrective actions to be determined	Same as original recommendation

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (E)	Original Description of Findings Extraclassroom Activity	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
E18-2	<p>The following issues were noted during internal audit school visits: missing documentation; refusal to produce documentation from the principal; improper or missing signatures; unrecorded receipts and disbursements; inconsistent receipt policies for faculty advisors; lack of controls for counting cash receipts; untimely deposits; untimely bank reconciliations; and improper closing of inactive clubs. At each of the 5 schools visited, the central treasurers did not have a physical copy of the NYS extraclassroom pamphlet and were unsure how it applied to them in their capacity at the school.</p>	<p>We recommend that a clear policy and procedures manual be written for central treasurers and faculty advisors. This manual should include comprehensive and specific directions for the maintenance and organization of extraclassroom records. Training should be completed on a regular basis to ensure all those involved in the extraclassroom activities are prepared to carry out these policies and procedures. Each training attendee should receive a physical copy of the policies and procedures manual as well as the NYS extraclassroom pamphlet. We also recommend that the District create a separate policies and procedures manual of internal controls for the named general funds in high schools and grade schools, where there is no student involvement but the District determined them appropriately included within the extraclassroom activities.</p>	Important - Long Term	Management is reviewing responses and prioritizing the correction action for the 2021-2022 fiscal year.	Corrective actions to be determined	Same as original recommendation
E18-3	<p>During each of the five internal audit school visits, we noted that the responsibilities of those involved in extraclassroom activities were not clearly understood by the individuals in those roles. The District maintains an extraclassroom manual which clearly states the responsibilities of each role involved (i.e., the student activity treasurer, central treasurer, faculty advisor, district auditor, etc.); however, these roles and related responsibilities are not communicated or carried out by those individuals throughout the District due to confusion and lack of communication and training.</p>	<p>We recommend that the roles and responsibilities involved in extraclassroom activities be reviewed and then communicated District-wide. We recommend that all involved be clearly trained on their roles and responsibilities and that each involved party is given a physical copy of the policies and procedures to refer to.</p>	Important - Short Term	Management is reviewing responses and prioritizing the correction action for the 2021-2022 fiscal year.	Corrective actions to be determined	Same as original recommendation

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
<b>(E)</b> <b>E18-4</b>	<b>Extraclassroom Activity</b> Per District guidelines for extraclassroom, which align with the NYS extraclassroom pamphlet, the District auditor should be independent of any day-to-day activities. Specifically, District guidelines state, "The person appointed as auditor shall have no part in the approval of payments, the planning of income, or in the keeping of records and forms." The District's auditor position does not provide adequate segregation needed to truly fulfill the independence requirements as the district's auditor. This includes correct entries in the system, performing work on behalf of clerks in which positions are vacant, approving new clubs and, creating and disbursement and receipt forms. Additionally, in 3 out of the 5 schools visited, principals and central treasurers were providing disbursement approvals while being the check signers.	We recommend that the District put a different person in charge of the training of the central treasurers and the day-to-day questions and concerns that arise so that the District auditor can focus on performing the annual audits for each school. This would provide greater oversight to District extraclassroom activities.	Important - Short Term	Management is reviewing responses and prioritizing the correction action for the 2021-2022 fiscal year.	Corrective actions to be determined	Same as original recommendation
<b>E18-5</b>	There are currently no District guidelines for starting an extraclassroom activity. It was noted that common practice and requirements for starting a new activity is to obtain three student signatures, a faculty advisor's signature, and a budget form approved by the school's principal. Once these steps are completed, the District auditor enters the new activity into the District's extraclassroom software. These informal procedures lack an evaluation for whether the potential new activity's purpose fits those of an extraclassroom activity per District and NYS guidelines. There is also no formal instruction, training or orientation for new activities and how to run an extraclassroom activity appropriately per the provided guidelines.	We recommend that the District implements a formalized policy for starting a new activity. The District should enforce their current guidelines and require that seven or more students to be interested in creating the club or new activity. Once the student interest is established, they should choose a faculty advisor and together create a proposal for the activity which should include the purpose as well as a proposed budget. This plan should then be presented to the principal who would approve or deny the formal request.	Important - Short Term	Management is reviewing responses and prioritizing the correction action for the 2021-2022 fiscal year.	Corrective actions to be determined	Same as original recommendation
<b>E18-6</b>	The District's extraclassroom software is lacking in capability, usability, as well as integrated controls. For example, there are no methods of tracking activity, such as user logs. Furthermore, users are allowed to make changes to prior period transactions. There currently are no controls for what dates may be entered into the system. We found that in each of the five schools visited, the central treasurer could enter a transaction date of a prior fiscal year. Lastly, we found that prior fiscal year reports and bank reconciliations are not maintained in the system.	We recommend that the District develop expectations and features that the extraclassroom software should possess, and evaluate their current software to identify whether it could be improved or if a new software alternative should be considered.	Important - Long Term	Management is reviewing responses and prioritizing the correction action for the 2021-2022 fiscal year.	Corrective actions to be determined	Same as original recommendation
<b>E19-1</b>	District policy requires that every Extraclassroom activity submit a proposed budget to the school principal each year. Based on our inquiries, it was noted that only a few clubs in operation submit a budget annually, as District policy prescribes.	We recommend that the District establish controls to ensure that budgets are being submitted to the School's Principal in a timely manner. The District should include in their comprehensive corrective action plan a sufficient timeline for submitting the budgets each year and consequences if the budget is not submitted.	Routine - Short Term	Management is reviewing responses and prioritizing the correction action for the 2021-2022 fiscal year.	Corrective actions to be determined	Same as original recommendation
<b>E19-2</b>	Bank reconciliation reviews for Extraclassroom activity accounts are currently performed by the Central Treasurer of each school and then reviewed by the District Auditor quarterly, unless an event occurs that would alert the District Auditor to review the bank reconciliations sooner.	We recommend that bank reconciliations are reviewed on a monthly basis to eliminate the risk of misappropriation of assets.	Important - Short Term	Management is reviewing responses and prioritizing the correction action for the 2021-2022 fiscal year.	Corrective actions to be determined	Same as original recommendation



## **Food Service (FS)**



Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (FS)	Original Description of Findings Food Service	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
FS09-4	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.	We recommend the Food Service Supervisor deposit cash from lunch sales daily to adequately safeguard cash.	Routine - Short Term	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.	Risk determined to be acceptable	N/A

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## **Grants (G)**



Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
<p><b>(G)</b> <b>G11-7</b></p>	<p><b>Grants</b> 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.</p>	<p>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.</p>	<p>Important - Short Term</p>	<p>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.</p> <p>As of 6/30/2020, exempt staff certify annually. BCSA has been advised by their Union not to sign.</p>	<p>Risk determined to be acceptable</p>	<p>Same as original recommendation.</p>
<p><b>G19-1</b></p>	<p>The District's Grants Department does not currently identify an employee responsible for staying up-to-date on Uniform Guidance compliance requirements for the District's major federal programs. The Uniform Guidance Compliance Supplement is an extensive document and requirements often change on an annual basis. Noncompliance within the financial reporting or administration of these federal programs could jeopardize future grant awards.</p>	<p>We recommend that the District identify an individual and assign responsibility for staying up-to-date on the Uniform Guidance compliance requirements. Additionally, the District would benefit from regular (i.e., annually) training to educate all employees involved in the administration of their federal programs with the operating compliance requirements; as well as specific training for those involved in the District's annual financial reporting under the Uniform Guidance.</p>	<p>Important - Long Term</p>	<p>The Director of Grants Procurement &amp; Management will be responsible for staying up-to-date on Uniform Guidance compliance requirements. The Director will find regular training opportunities to educate the Director and Grants Department Project Administrators on Uniform Guidance compliance requirements. The Grants Department will collaborate with other departments to develop and deliver a series of professional development sessions for Grant Managers and Grant Administrators on Uniform Guidance compliance requirements. Additionally, Financial Controller will work with the Director of Grants Procurement &amp; Management to ensure all fiscal, purchase and audit components of UGG are revised as needed and communicate to District staff. Training opportunities for the Grants Department Director and Project Administrators will be completed no later than December 2020. Professional development sessions for Grant Managers and Grant Administrators will be developed and delivered by December 2020.</p>	<p>Corrective action in process.</p>	<p>N/A</p>

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# **Health Insurance (HI)**



Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (HI)	Original Description of Findings Health Insurance	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
HI13-1	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 putting out an RFP for a company to help the District in performing a dependent verification. They are hoping to have this performed in the 2021-2022 fiscal year.	Corrective action in process.	Same as original recommendation.

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# **Information Technology (IT)**



Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (II)	Original Description of Findings Information Technology	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	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	<p>In July, 2020, approval was granted to move forward with hiring for the position of security analyst. The position was initially posted in September, 2020. Due to the requirements of the position, most candidates were not qualified. The IT team decided to use a different title in an effort to garner more qualified candidates and reposted the position in December, 2020. This posting yielded only 4 qualified candidates – 2 internal and 2 external. After the first round of interviews, only the 2 external candidates advanced to the second round. Prior to scheduling the second round of interviews, it was revealed that one of the external candidates was a past employee of the district, previously terminated and not eligible for rehire. This position will need to be reposted again.</p> <p>Responsible Individual: Myra Burden, Chief Technology Officer, Josh Kovacich, Director of Information Technology, and Cindy Turton, Manager of Systems Operations</p> <p>Timeline: 2021</p>	Corrective action in process.	Same as original recommendation.

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (II)	Original Description of Findings Information Technology	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
IT11-2	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.	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.	Urgent - Long Term	The district has been working on a cybersecurity incident response document which has been shared with Gartner for review. Developing a comprehensive written information security plan/policy would have been delegated to the security analyst upon hire. As we move forward with restoration of our network, an information security plan will be identified as a deliverable and developed as part of that work.  Responsible Individual: Myra Burden, Chief Technology Officer  Timeline: 2021	Corrective action in process.	Same as original recommendation.



Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (IT)	Original Description of Findings Information Technology	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
IT13-2	<p>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.</p> <p>We recommend the District publish a comprehensive IT security plan and make it available to all appropriate IT users.</p>	<p>We recommend the District publish a comprehensive IT security plan and make it available to all appropriate IT users.</p>	Important - Short Term	<p>The District has been working on a cybersecurity incident response document which has been shared with Gartner for review. Developing a comprehensive written information security plan/policy would have been delegated to the security analyst upon hire. As we move forward with restoration of our network, an information security plan will be identified as a deliverable as part of that work.</p> <p>Responsible Individual: Myra Burden, Chief Technology Officer</p> <p>Timeline: 2021</p>	Corrective action in process.	Same as original recommendation.
IT13-3	<p>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.</p>	<p>We recommend the District install encryption software on all portable devices to reduce the risk of unauthorized access to sensitive data.</p>	Important - Short Term	<p>A solution for encryption was previously explored, but not implemented. As we move forward with restoration of our network and enhance our security controls and processes, encryption software on district laptops will be included as a deliverable of that work.</p> <p>Responsible Individual: Myra Burden, Chief Technology Officer, Sarah Edwards, Director of Instructional Technology, and Josh Kovacich, Director of Information Technology</p> <p>Timeline: 2021</p>	Corrective action in process.	Same as original recommendation.

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (IT)	Original Description of Findings Information Technology	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
IT16-1	We noted that the District does not have a comprehensive written Information Technology security plan. Without the IT security plan, there is the risk that the District does not formally identify threats to its IT environment, the ways the District will deal with these threats and how the District will respond to breaches if they occur.	We recommend that the District prepare and publish a comprehensive IT security plan and provide a copy of the plan to the appropriate users. Also, the IT security plan should be tested and reevaluated on a periodic basis.	Important - 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. 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"> <li>• Engagement with Microsoft and implementation of a centrally managed antivirus and endpoint protection software.</li> <li>• Enterprise-level encryption software has been implemented on administrative laptops.</li> <li>• The firewall has Intrusion Detection Systems (IDS) fully implemented for external threats, and the firewall logs are analyzed for potential anomalies.</li> <li>• BPS has had an initial engagement with an industry expert to analyze current needs and craft District policy.</li> <li>• Implementation of an identify management platform.</li> </ul> <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"> <li>• Security "POP SLAM" scheduled with Microsoft to analyze account rights and user directory permissions.</li> <li>• Continued engagement with the security vendor to produce a testable security plan.</li> <li>• Secure in-house expertise through the hiring of a cybersecurity expert.</li> </ul>	Corrective action in process.	N/A
IT16-2	We noted for a sample of users that there is no signed confidentiality agreement for IEPDirect Users. Prior to a user being granted access to IEPDirect.com, he or she must sign an IEPDirect.com Confidentiality and Non-Disclosure Agreement. During our testing of 15 IEPDirect.com users, we noted the District could not provide signed Confidentiality and Non-Disclosure Agreements for 2 of the 15 users tested.	We recommend the Special Education Department maintain all signed IEPDirect.com Confidentiality and Non-Disclosure Agreements.	Important - Short Term	IEP Direct falls under the management of the Special Education Department, and is not hosted internally. With that in mind, developing, distributing, and collecting Confidentiality and Non-Disclosure agreements for IEP Direct is the responsibility of the Special Education Department. Identifying the best method to execute these tasks for IEP Direct and similar applications will be addressed through the department's cyber security audit. In the meantime, we will reach out to the Special Education Department alerting them of this problem.	Corrective action in process.	N/A

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (IT)	Original Description of Findings Information Technology	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
IT16-3	We noted that the District does not require users to lock their computers before stepping away from the computer for an extended period of time. During our fieldwork, we observed that a user remained logged into their computer even though they had been away from their desk for over an hour. The computer's screen saver is initiated, but the computer did not lock after an extended period of idleness.	We recommend the District publish a policy to require users to lock their computers if they are expected to be away from their computer. The District could also consider implementing automatic locking after a predefined period of inactivity. We acknowledge that the lockout policy implemented for administrative staff may be different than the policy for instructional staff due to practical constraints.	Important - Long Term	While there is currently no District policy in place to require users to log-off of a machine if they are away from their computer, we have implemented lock screens for administrative machines. Further study will be needed to assess and address the required balance between instructional needs and security. For example, computers connected to interactive whiteboards are left on and unlocked while teachers are navigating through the classroom working with students. As part of a cyber-security audit, the IT Department will seek out best practices to develop and propose to the Board of Education a log-off policy. In conjunction, the IT Department will test the functionality of using screen savers as lock screens for all users.	Corrective action in process.	N/A
IT19-1	Based on inquiries with various District employees, it was noted that there are deficiencies related to the various access user rights within MUNIS.	We recommend that the IT Department distribute an access rights list annually to each Department Head for review and approval, as District positions change and rights can be impacted. Additionally, we recommend that the District establish formal procedures outlining how Departments should submit user change requests to the IT Department to ensure access user rights are corrected in a timely manner.	Important - Short Term	A process was established to be done each January where a report is sent to each department head/principal listing all their employees and the access they have (accounts, etc.). Changes are to be made as needed and subsequently returned to IT to update in the system. As we continue our restoration efforts of MUNIS, access will be reviewed and the review process will resume in January 2022  Responsible person(s): Myra Burden, Chief Technology Officer and Cindy Turton, Manager of Systems Operations  Timeframe: 2022	Corrective action in process	Same as original recommendation.

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# **Inventory (I)**



Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (I)	Original Description of Findings Inventory	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
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	Management is in the process of restoring this position.	Corrective action in process.	Same as original recommendation.
119-1	Since the 2016 implementation of InventoryDirect, a live inventory tracking software, annual physical inventory counts have not been completed due to the tracking of inventory within the software. No annual inventories have been documented.	We recommend that an annual inventory count be performed and documented to supplement the records within InventoryDirect. An annual inventory would validate the amounts within InventoryDirect and provide the District an accurate count in the event employees omitted or misentered information into the software. As this process requires significant time and/or funding sources, performance of inventory counts could be phased in over a few years until a full inventory count is achieved.	Important - Long Term	Inventory is being collected and consolidated via Filemaker. Data is pulled from Insight, Carbon Black, etc. in an effort to create one system for technology inventory. At a minimum, semi-annual reconciliations are being done.  Responsible person(s): Myra Burden, Chief Technology Officer and Sarah Edwards, Director of Instructional Technology  Timeframe: In process and ongoing	Corrective action in process.	Same as original recommendation.

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## **Payroll and Personnel (PP)**



Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (PP)	Original Description of Findings Payroll & Personnel	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	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	As of the current year, the implementation of cloud storage is not in use however, the District has begun to directly upload personnel files to MUNIS for electronic storage, however, this process has not been completed for all employee's personnel files. This plan of action is still in process and those employee files that are uploaded to MUNIS yet are stored and maintained in the Human Resources Office and secured through locked closets.	Corrective action in process	We recommend that the District complete the process of uploading the personnel files to electronic files within MUNIS.

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (PP)	Original Description of Findings <b>Payroll &amp; Personnel</b>	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
<b>PP10-13</b>	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 District launched a new recruitment and application software during the 2018-2019 fiscal year. This software streamlined the hiring process by performing applicant tracking, interviews, onboarding and pre-hire training, and proactive recruiting. The District noted that this new software that was launched in 2018 did not work with the requirements of the District. The District ended their contract with this software company and returned to performing recruitment the way it was done prior to the software. The District is currently exploring other options.	Corrective action in process	We recommend that the District continue exploring options in terms of hiring software to make the process more standardized.
<b>PP14-1</b>	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	The main purpose of AESOP is to act as an attendance system. As such, if a position needs to be filled for that day, the absence will be posted and the position will be put out to request to be filled by a substitute teacher or a temporary teacher. There are modules in MUNIS that cover the certification and tenure certification aspect. The District has hired a full-time position dedicated to substitute teacher management and cost reduction. Further, the District launched a new recruitment and application software in December 2018. This process streamlined the hiring process by performing applicant tracking, interviews, onboarding and pre-hire training, and proactive recruiting. However, the District noted that this software did not work for the requirements of the District.	Corrective action in process	We recommend that the District continue exploring options in terms of hiring software to make the process more standardized.

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (PP)	Original Description of Findings Payroll & Personnel	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
PP18-1	<p>The Buffalo City School District does not maintain complete formal written procedures related to the payroll process. There are several files with procedures written down; however, these files are not all inclusive and not in a centralized location or document. It is good business practice to maintain formal written procedures regarding payroll. This would assist in any staff transitions and training of new staff involved with the payroll process. Furthermore, this would assist in documentation of the policy and monitoring of the policy.</p> <p>Rationale: Impact: Minor - Limited formal or written payroll procedures has a minor impact since payroll is run weekly without any significant known discrepancies Likelihood: Low – The likelihood that the District would be unaware of the payroll process is low.</p>	<p>The District should consider enhancing their current procedures such that they maintain complete, centralized written payroll procedures to be updated on a periodic basis. This will help the process to be completed in the same manner each pay period, even if the duties need to be performed by a different employee.</p>	Routine - Short Term	<p>The District agrees that there is a need to enhance the current payroll procedures and recognizes the benefit to having a complete, centralized written payroll procedure manual that is updated on a periodic basis. Management is in the process of fully documenting and enhancing the Payroll Department procedures. Timeline: December 2020.</p>	Corrective action in process	N/A
PP18-2	<p>Based on discussions with the Chief Payroll Auditor, advices are still delivered to all employees. It would be more time and cost efficient to email the advices to each employee. Every payroll period, the Buffalo City School District delivers advices to all buildings for employees to retrieve. Due to the large volume of employees this can be a time consuming and costly process, especially with the frequency by which it is done. By emailing advices to employees, this can be a cost-saving measure.</p> <p>Rationale: Impact: Minor - The method used by the District works effectively. However, an electronic delivery of payroll advices may be a more efficient method Likelihood: Low – The advices are delivered every pay period. Therefore, the costs to administer payroll could be reduced every pay period.</p>	<p>The District should consider emailing the advices to all employees. A large portion of employees already use direct deposit. This may be an effective time and cost saving measure.</p>	Routine - Short Term	<p>The District recognizes the potential for both time and cost savings involved in moving to emailing advices to our employees. After upgrading to a newer version of Munis in November 2019 and due to the COVID-19 closure, we have converted to electronic delivery of advices. Completed: March 2020.</p>	Corrective action implemented	N/A

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (PP)	Original Description of Findings Payroll & Personnel	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
PP18-3	<p>The Director of Plant Services does not consistently approve overtime hours worked by the custodian staff in a timely manner. Custodial overtime sheets are prepared and sent in from engineers. Furthermore, engineers manually enter their own overtime into EmpCenter. The Director of Plant Services and other employees review overtime input into EmpCenter. The Custodial Engineer fills out an employee overtime sheet for all overtime worked by custodians for each two week pay period.</p> <p>Rationale:</p> <p>Impact: Moderate – Custodian overtime is paid by the Buffalo City School District. It is important to ensure Custodian overtime hours are worked in accordance with BOE approved and school related events.</p> <p>Likelihood: Medium – While engineer overtime is reviewed and compared to find number relevant events, the custodian hours should consistently be reviewed as well. Board of Education approved events are located on the district calendar and should align with custodian overtime worked. If the review and approval of overtime is not timely or appropriately done, errors could occur within the payroll process.</p>	<p>We recommend that custodian overtime is reviewed consistently every pay period to ensure that hours worked are for valid purposes. Furthermore, custodial overtime worked for non-Board of Education approved events should be investigated since the reasoning may not be evident or verifiable on the time sheet.</p>	Important - Short Term	<p>The District agrees with the need to change the procedure involving Engineer and Custodial Overtime. The Chief Payroll Auditor coordinated with the Director of School Plant Operations to implement recording payroll for custodial overtime in EmpCenter. Recording the overtime in EmpCenter would allow for the Director of School Plant Operations to review from his office in EmpCenter rather than coming to City Hall to review. Additional pay codes would need to be assigned to the different rates. Completed: September 2019.</p>	Corrective action implemented	N/A
PP18-4	<p>We performed testing on new hires and found that nine out of the ten employee selections made were paid before the Board approved of their hiring.</p> <p>Background: We obtained a new hires listing from the Chief Payroll Auditor. We performed several attributes testing to ensure proper controls were followed. We inspected employee personnel records to verify that they received a District Letter approving their hire, a W-4, NYS &amp; Local Retirement System Registration form, direct deposit form and extended pay for summer checks (if applicable). We also verified that the employee was both fingerprinted and registered with New York State.</p> <p>Rationale:</p> <p>Impact: Minor- We did not observe any instances of a board disapproval. Obtaining Board approval before the employee begins working and receiving payment would help alleviate any potential issues.</p> <p>Likelihood: Low – The likelihood of an issue occurring is low. Any potential issues with a prospective employee should be vetted during the District’s hiring process. The individuals responsible for hiring have guidelines and rules communicated to them for the hiring process.</p>	<p>The District should consider aligning the hiring process with the Board of Education meetings so new hires can be approved before the employee's start date and first pay date. We did not observe an instance where an individual hired did not receive Board approval; however, if the Board meeting occurred prior to the new hire's start date, any potential issues would be further mitigated.</p>	Routine - Short Term	<p>Where practicable, the District does align hiring with Board of Education (“BOE”) meetings. In many cases, however, adhering to this procedure would hamper the District’s ability to meet government mandates and provide effective instruction. Since there is no District or State policy preventing the first date of pay from preceding the date of the BOE meeting at which the effective date of hire is approved, the District does not plan to change this procedure. Instructional positions are placed as “acting,” assuming that it is the designation prior to Board approval. No procedural changes anticipated at this time.</p>	Risk determined acceptable	N/A

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (PP)	Original Description of Findings Payroll & Personnel	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
PP18-5	<p>Employees can sign in as present at work by telephone, in addition to swipe and computer login access. The ability to sign in as present at work by telephone creates an opportunity for an employee to not be present in their respective building and login for work that day. When a salaried worker reports to work, they are able to sign in electronically in one of three ways. They can swipe in by their ID cards on an electronic reader, login on the EmpCenter link located on the District's website, which can only be done from a computer housed on the District's internal network, or they can call in from a phone. Employees are able to call from other phones outside the District; however, it is flagged by the system. Substitutes do not have swipe cards and teachers for adult education that work in off-site locations sometimes do not have access to login to EmpCenter. The District has a list of acceptable phone numbers that teachers off-site can use.</p> <p>Rationale: Impact: Minor – Salaried employees are paid a set amount bi-weekly, except for extra activities. An employee does not receive any additional pay in which they were not entitled too. However, vacation and sick time could be misreported. Likelihood: Low - The likelihood that an employee could login by telephone and nobody notice that they were not working that day is low. For example, students would notice if their teacher was not in class and administration colleagues would also be aware of an employee's absence for the day.</p>	<p>TSA recommends that the District implement an exception basis policy for individuals with telephone login access. TSA recommends that the sub-population of substitute teachers and adult education teachers be allowed telephone login access due to their lack of access of other login options. Whereas, the remainder of the employee population should swipe-in or sign in by computer login access.</p>	Routine - Short Term	<p>The District will encourage primary use of swipe-card and computer clock in and request the phone system is used for emergency situations for those who have the ability to swipe or web-clock in. The phone system in place will remain in place for those who do not have access to the other options of clocking in. The District is also having a custom report written by EmpCenter to identify individuals who are phoning in from a non-district phone number to be able to counsel those not following proper procedures. Timeline: December 2020.</p>	Corrective action in process	N/A
PP18-6	<p>Buffalo Public Schools does not maintain complete formal written procedures related to the employee off-boarding process. There are some written procedures; however, these files are not all inclusive and are not maintained in a centralized location or document. All active employees have an active directory (AD) account. This account allows the employee to login to a computer, as well as access core business instructional applications such as MUNIS, Microsoft Outlook, network file shares and Infinite Campus. In order for an employee to effectively have all access rights revoke, their active directory account must be disabled. Formal written procedures related to the process to revoke this access does not currently exist.</p> <p>Rationale: Impact: Moderate - Limited formal or written off-boarding procedures has a moderate impact since the off-boarding process is completed as necessary, however with issues. See Recommendation Seven (7). Likelihood: Low – The Likelihood that the district would be unaware of the off-boarding process is low.</p>	<p>The District should consider enhancing their current procedures such that they maintain complete, centralized written payroll procedures to be updated on a periodic basis. This will help the process to be completed in the same manner each pay period, on a timely basis.</p>	Routine - Short Term	<p>Written procedures regarding revocation of access rights for separating employees are being developed as part of a comprehensive set of off-boarding procedures. Disabling the active directory account is expected to be part of a Munis workflow that sends notification to the IT Department upon the posting of the Human Resources' data indicating the employee separation date. Confirmation of completed access revocation will be captured, again, in Munis, if possible. Multiple departments including Human Resources, IT, Finance, Plant Services and the Office of School Leadership are collaborating to standardize and memorialize a full exit workflow that delineates stakeholders, responsibilities and sequencing. In many cases, this involves updating and introducing procedures to ensure that off-boarding is efficient and all-inclusive. Timeline: December 2020.</p>	Corrective action in process	N/A

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (PP)	Original Description of Findings <b>Payroll &amp; Personnel</b>	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
PP18-7	<p>We performed detail testing on terminated employees during the 2017-2018 school year. From the ten employee selections, two employees' active directory accounts were not disabled timely based on their termination from MUNIS. Furthermore, these two employees were disabled as a result of our audit procedures, as opposed to the board meeting minutes or communication from HR. Additionally, eight out of ten employees were effectively terminated; however, they were not timely removed from MUNIS. The IT department currently primarily relies on monthly school board meeting minutes for communications on the majority of the employees who have been, or are to be, terminated. In some instances, HR will communicate an employee's termination to IT. Once the IT department is aware of the termination, it must be confirmed in the district's MUNIS system before the employee's active directory account is disabled. There are often time delays in this process, causing delayed terminations both in the MUNIS system and the active directory.</p> <p>Rationale: Impact: Moderate – The potential impact for a terminated disgruntled employee to access their email and core business and instructional is moderate. This employee would have access to sensitive information and change capabilities which is a risk in the hands of an individual who is no longer employed by the District. Likelihood: Low - The likelihood that an employee would log into their email or core business and instructional applications and cause issues to the District is low. However, necessary steps to disable this from happening should be taken.</p>	TSA recommends that a formal, central off-boarding process be documented and implemented to reduce or eliminate any lag time between the effective termination date and the employee's removal from MUNIS.	Important - Short Term	Written procedures regarding revocation of access rights for separating employees are being developed as part of a comprehensive set of off-boarding procedures. Disabling the active directory account is expected to be part of a Munis workflow that sends notification to the IT Department upon the posting of the Human Resources' data indicating the employee separation date. Confirmation of completed access revocation will be captured, again, in Munis, if possible. Multiple departments including Human Resources, IT, Finance, Plant Services and the Office of School Leadership are collaborating to standardize and memorialize a full exit workflow that delineates stakeholders, responsibilities and sequencing. In many cases, this involves updating and introducing procedures to ensure that off-boarding is efficient and all-inclusive. Timeline: December 2020.	Corrective action in process	N/A
PP18-8	<p>Based on discussions with Chief Payroll Auditor, the food service workers fill out a paper time card. Bus Aides have their time manually entered into an in-house database, created by the IT department for transportation services, by a transportation supervisor. This manual process for time-entry increases the risk of error. The bus aides and food service workers for the district do not use the EmpCenter software for their time entry. Food service workers fill out a paper time card. The time card is then approved by the food service manager, whom manually enters time into MUNIS via a batch process. Bus Aides have their time manually entered into an in-house database, created by the IT department for transportation services, by a transportation supervisor. A CSV file is extracted from this in-house database and imported into MUNIS.</p> <p>Rationale: Impact: Minor - Bus aides and food service workers make up a small portion of the District's payroll. Since these employees are hourly, there are weeks where they do not work a full-time schedule. Likelihood: Low- The likelihood that of an error is low given the review and approval of these manual time cards.</p>	The population of employees that use manual time cards rather than EmpCenter is small. TSA recommends that the Buffalo City School District implement an automated time punch card system for the individuals who are not using EmpCenter. This system is a reasonable cost alternative to including these employees in EmpCenter, while reducing the risk of manual time reporting.	Routine - Long Term	The Chief Payroll Officer is working with the Food Service Director to start incorporating food service workers into EmpCenter. Additional configuration is required with EmpCenter, as the Food Service Workers would require additional pay codes. Bus Aides do not have one central place where they are required to report prior to the start of their shift. They report to one of five different First Student Terminals. These terminals are not Buffalo Board of Education Property, and we cannot install time clocks on their property. Bus Aides also work split shifts (up to 3 in a day) and are not required to report back to the terminal prior to their shift ending. This would make clocking out difficult. Timeline: December 2020.	Corrective action in process	N/A



## **Purchasing and Accounts Payable (PA)**



Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (PA)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
<b>PA16-1</b>	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 District noted that MUNIS does not have the feature that would stop a requisition from being processed without a specific commodity code assigned, however, when one is released without a commodity code it is stalled in the system because it does not have a buyer assigned to it. The Director of Purchase has identified a resolution but it has not been implemented by the IT department.	Risk determined to be acceptable.	N/A
<b>PA16-2</b>	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. Similar to the prior year, 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	Similar to the prior year, we recommend that the District formalize the new bid reviewing committee process through a written document to enhance the RFP awarding process.
<b>PA16-3</b>	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 and there is no plan to fill this position as of current.	Risk determined to be acceptable.	Similar to the prior year, we recommend the Service Center hires a Manager in order to review and ensure the inventory requested is necessary and within their budgeted amounts.

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (PA)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
PA16-6	<p><b>Purchasing &amp; Accounts Payable</b></p> <p>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.</p>	<p>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.</p>	<p>Routine - Short Term</p>	<p>The Department has communicated this to all departments. We followed up on testing 3 lease payments and all supporting documentation, including the lease agreement was attached.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
PA17-2	<p>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.</p>	<p>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.</p>	<p>Important - Short Term</p>	<p>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.</p>	<p>Corrective action in process.</p>	<p>N/A</p>

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (PA)	Original Description of Findings Purchasing & Accounts Payable	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
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

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## **Revenue and Accounts Receivable (R)**





Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (R)	Original Description of Findings Revenue & Accounts Receivable	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
<p><b>R09-4</b> <b>R10-3</b></p>	<p>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.</p>	<p>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.</p>	<p>Important - Long Term</p>	<p>Similar to the prior year, no decision has been made by the Board of Education regarding the implementation of a swipe system.</p>	<p>Risk determined to be acceptable</p>	<p>N/A</p>
<p><b>R&amp;SA19-1</b></p>	<p>Currently, there is no standard process or procedure to ensure that agency certification forms are sent to the Committee of Special Education within 6 days of the applicable student's certification meeting with chair people in the Registration Office. In order to be eligible for New York State reimbursement for the student attendance, the Committee of Special Education must enter information from the agency certification forms into the New York State Education System to Track and Account for Children ("STAC") system within the 6 day period noted above. Therefore, the lack of a standard process or communication regarding the certification forms could potentially result in lower state aid reimbursements.</p>	<p>We recommend the District consider streamlining the certification form process through the use of an electronic document. These electronic forms could have drop-down menus or typed responses, so chair people can complete while performing the initial interview with the student/family. Therefore, once the forms are completed, they can be sent directly to the Associate Account Clerks in the Committee of Special Education Office.</p>	<p>Urgent - Short Term</p>	<p>The District agrees with the finding. The Supervisor of the CSE Department is currently working with the CSE chairs to accelerate the information exchange of critical data to the STAC unit. A written procedure manual will be developed for use by the CSE department covering this issue and several other findings below. In addition, the District will investigate the development of electronic forms (possibly using SharePoint) to improve the efficiency of the process.</p> <p>Responsible person(s): Kim Hoelscher, Associate Superintendent Special Education) and Erin Barren, Supervisor of CSE Department</p> <p>Timeframe: Analysis of developing Electronic Forms began in January 2021. A CSE Department procedure manual is expected to be completed by September 30, 2021.</p>	<p>Corrective action in process</p>	<p>N/A</p>

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (R)	Original Description of Findings Revenue & Accounts Receivable	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
R&SA19-2	The procedures for reporting homeless student information in the State Education STAC system should be evaluated to determine if the responsibilities align with the other reporting in the STAC system. Per the STAC reports, the District's homeless student reimbursements have declined from \$564,628 in the 16-17 fiscal year to \$433,590 in 17-18. We also noted no data reported in STAC for 18-19.	As this reporting is specifically related to financial reimbursement, we recommend that the District evaluate the declining trend in homeless reporting to determine if all information is being entered. Also, the District should evaluate whether the reporting should be aligned with the performance of other STAC reporting.	Urgent - Short Term	<p>In early 2020 the Deputy CFO working with Budget and STAC Unit staff conducted a full review of the Homeless Department's procedures for entering required data for STAC reimbursement. As part of this review, the STAC Unit entered 106 students and \$385,306 in educational costs into STAC for reimbursement for the 18-19 school year because no data had been entered. The findings of this review will be used for further training of Homeless Department staff. In addition, the District is discussing a potential reassignment of certain STAC entry responsibilities away from Homeless Department staff to the STAC Unit. Similar involvement of the Budget Department and STAC Unit staff is necessary in 2021 to ensure all student and cost information is entered for the 19-20 year, by the June 30, 2021 deadline.</p> <p>Responsible person(s): Tonja Williams, Associate Superintendent for Support Services, Kim Hoelscher, Associate Superintendent Special Education, and Jim Barnes, Deputy CFO</p> <p>Timeframe: Training is currently in progress. A decision on potential reassignment of STAC responsibilities will be completed by June 30, 2021.</p>	Corrective action in process	N/A
R&SA19-3	Currently, we noted a lack of standard communication between the District and holding centers for incarcerated youth. The absence of a standard communication, could result in students with IEP's receiving general education while incarcerated instead of additional assistance as outlined in their specific IEP. Further, the District may not be reimbursed from the State if the student is both being educated in incarceration, while still listed as active in the System to Track and Account for Children ("STAC") as a student with an IEP.	We recommend that when a student is first incarcerated, the District should coordinate with the holding center's administration to develop a standard procedure for how pertinent information will be exchanged. This procedure should identify when the District can take incarcerated students off of the STAC system and when the State will be notified that the District is not to be billed for these students.	Urgent - Short Term	<p>The District agrees with the finding. The SPED Department and Adult Education Department are currently working on documenting procedures that will provide timely and accurate information to the STAC unit regarding special education services being provided to incarcerated youth.</p> <p>Responsible person(s): Amanda Vellake, Director of Adult Education, Kim Hoelscher, Associate Superintendent Special Education, and Jim Barnes, Deputy CFO</p> <p>Timeframe: Written procedures and training will be completed by June 30, 2021.</p>	Corrective action in process	N/A
R&SA19-4	The District is at risk of students attending the New York State School not being enrolled in the Infinite Campus attendance system. The NYS School for the Blind enters their own information to the STAC system. The Buffalo City School District is reimbursed for the students attending this school if they reside within the boundaries of the District and the District also provides transportation for the students that attend this school who reside within the boundaries of the District.	We recommend that the District establish a standard procedures to ensure that the applicable students are enrolled within Infinite Campus, and that the District receives proper STAC reimbursement and reimbursement for transportation services.	Important - Long Term	<p>The District agrees with the finding. The solution to these issues will take coordination and standard procedures between St. Mary's, the District's Transportation &amp; Central Registration Department's and STAC unit. A written procedure manual will be developed for use by the CSE Department.</p> <p>Responsible person(s): Kim Hoelscher Associate Superintendent Special Education, and Jim Barnes, Deputy CFO, Cheryl Kennedy, Director of Transportation, and Kelli Daniels, Director of Student Placement</p> <p>Timeframe: A preliminary meeting including all the groups noted above will be held before September 30, 2021. A CSE Department procedure manual will be completed by September 30, 2021.</p>	Corrective action in process	N/A

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (R)	Original Description of Findings Revenue & Accounts Receivable	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
<b>R&amp;SA19-5</b>	The St. Mary's School for the Deaf sends New York State a list of their students for the summer session, but the list does not match the list that the District receives from St. Mary's School for the Deaf. The District also does not receive a list of students that obtained transportation services from the District. As a result, the District has difficulty reconciling which students are in attendance at St. Mary's School for the Deaf or those that received transportation for the summer school sessions. The District can only apply for reimbursement claims based off of what St. Mary's School for the Deaf sends to the New York State Education Department, which may overstate or understate the actual attendees.	We recommend that the District establish a standard procedure to obtain and reconcile the list that St. Mary's School for the Deaf sends to New York State to ensure that the District's records match that of the State and School. In addition, the District should develop a standard procedure to ensure that they are receiving proper reimbursement for related transportation services.	Important - Short Term	The District agrees with the audit finding. The solution to these issues will take coordination and standard procedures between St. Mary's, the District's Transportation Department, Central Registration Department and STAC unit. A written procedure manual will be developed for use by the CSE Department.  Responsible person(s): Kim Hoelscher Associate Superintendent Special Education, and Jim Barnes, Deputy CFO Cheryl Kennedy, Director of Transportation,  Timeframe: A preliminary meeting including all the groups noted above will be held before September 30, 2021. A CSE Department procedure manual will be completed by September 30, 2021.	Corrective action in process	N/A
<b>R&amp;SA19-6</b>	Currently, there is no standard procedure in place to ensure that child information change forms/agency forms are received by the Associate Account Clerks in the Committee of Special Education Department when the IEP's are updated each year. As a result, the Associate Account Clerks may not be aware of any change to the student's documented disabilities, which correspond to reimbursements applied for by the District from New York State.	We recommend that the District develop a standard procedure to obtain timely updates from the chair people when a disability is changed, and inform those responsible why it is important that they receive timely updates, so the District is able to maximize its claims reimbursements for certain disabilities.	Important - Short Term	The District agrees with the audit finding. The Supervisor of the CSE Department is currently working with the CSE chairs to accelerate the information exchange of critical data to the STAC unit. A written procedure manual will be developed for use by the CSE Department.  Responsible person(s): Kim Hoelscher, Associate Superintendent Special Education, and Erin Barren, Supervisor of CSE Department  Timeframe: A CSE Department procedure manual will be completed by September 30, 2021.	Corrective action in process	N/A
<b>R&amp;SA19-7</b>	Currently, New York State regulates what disability a school can provide services for, and thus which students can go to which school within the District. When an incorrect placement occurs, the State will not grant reimbursement without special approval granted by the Commissioner.	We recommend that the District establish a standard, periodic review over placements to ensure that the students are receiving appropriate education services and the District is receiving proper reimbursement.	Important - Short Term	The District agrees with the audit finding. The Supervisor of the CSE Department has already conducted a meeting with all CSE Chairs on this issue. A written procedure manual will be developed for use by the CSE Department.  Responsible person(s): Kim Hoelscher, Associate Superintendent Special Education, and Erin Barren, Supervisor of CSE Department  Timeframe: A CSE Department procedure manual will be completed by September 30, 2021.	Corrective action in process	N/A

Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (R)	Original Description of Findings Revenue & Accounts Receivable	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
R&SA19-8	When an Agency Schools' student either leaves the District or when circumstances change, such as an address change, the District is not receiving letters from the Agency Schools informing the District of the change. Agency Schools provide special education services for students with IEP's and subsequently are provided payment for the services performed. While the student is discharged in the STAC system, the District is still getting billed tuition for students that are no longer enrolled in the Agency School. When the District is billed, they owe money but a reimbursement cannot be claimed. The District is responsible for providing payment to these Agency Schools as the District is where the student should be enrolled in due to District boundaries.	We recommend that the District develop a policy for Agency Schools to provide procedures that must be followed when a student is discharged. Further, the District should create procedures relating to billing for the deficiency of students who are incarcerated or have long term absences.	Important - Short Term	The District agrees with the audit finding. The Supervisor of the CSE Department has already sent a letter to all Agencies notifying them of this problem and requesting a meeting to develop new procedures to improve the timeliness of receiving required information.  Responsible person(s): Kim Hoelscher, Associate Superintendent Special Education, and Erin Barren, Supervisor of CSE Department  Timeframe: Follow up meetings with all Agencies on this issue will be conducted by September 30, 2021. A written procedure manual will be developed for use by the CSE Department.	Corrective action in process	N/A
R&SA19-9	Currently, there is no formal succession plan in place for key personnel within the Committee of Special Education Department Office which is considered vital to special education operations and essential state aid STAC reimbursement at the District. Some of the critical process and functions noted include 1.) Knowledge and reporting of the STAC system relating to state aid revenues, 2.) Maintaining and reconciling special education student information and related tuition rates 3.) Tracking changes in tuitions rates, even if they are retroactively changes, 4.) Inputting and reporting in the Kinney System.	Considering the critical roles related to state aid reimbursements, we recommend that written procedures and cross training opportunities be developed and we recommend that a formal succession plan is created and implemented in the short-term.	Urgent - Short Term	We agree with the finding. The STAC Unit currently relies upon the knowledge and efforts of one Associate Account Clerk (Lori Beiter). The STAC Unit is responsible for 13 different reimbursement programs and over 2,000 students. The development of written procedures and cross training aimed at documenting all revenue related processes (SAMS, STAC, Medicaid, Tuition Billings) and cross training amongst several staff members in the Budget department and STAC Unit is currently in process. In order to improve the efficiency and effectiveness of completing the documentation and cross training we are looking into reassigning the reporting structure of the STAC Unit from the SPED to the Budget Department.  Responsible person(s): Kim Hoelscher, Associate Superintendent Special Education, Jim Barnes, Deputy CFO and Geoff Pritchard, CFO  Timeframe: Documentation of STAC procedures will be completed by September 30, 2021. A final decision on the reporting arrangements for the STAC Unit will be completed by September 30, 2021.	Corrective action in process	N/A
R&SA19-10	The District is reporting new equipment on their annual cost report to the State for Medicaid, however there is equipment being depreciated by the District that is not included within these cost reports. The District is eligible to claim these identified pieces of equipment on the cost report for reimbursement.	We recommend that the District work with the Accounting Department to obtain a complete list of assets being used by the Special Education Department. This listing should be used in the preparation of the Medicaid cost reports to ensure maximum reimbursement on equipment and associated depreciation.	Important - Short Term	The Accounting Department will review the Special Education Departments listing of equipment and make sure that all equipment is listed as fixed assets and depreciated as necessary.  Responsible person: Julie Carbone, Financial Controller  Timeframe: June 2021	Corrective action in process	N/A

## **Special Education (SE)**



Appendix B - Matrix of Findings, Recommendations and Implementation

Item Number (SE)	Original Description of Findings Special Education	Original Recommendation	Risk Rating	District Corrective Actions updated for the Year Ending June 30, 2021	Current Status	Current Recommendation
SE15-4	The District currently contracts with 1 provider for OT services and 1 provider for PT provider.	We recommend that the District establish internal policies and procedures related to the services and the appropriate number of providers to be used. The policy should be applied consistently with expectations being documented.	Important - Short Term	Same as last year, there are no specific policies in regards to OT and PT services. However, there is only 1 service provider for both services.	Risk determined to be acceptable	N/A
SE19-1	The Special Education Department does not perform an annual inventory count of the assets maintained by the Department. The physical therapists and occupational therapists outsourced by the District are not employees of the District, yet are assigned the responsibility of tracking District assets they utilize; however, through inquiries it appears this is not being performed.	We recommend that the Department evaluate the necessary policies and procedures to ensure assets of the Special Education Department are inventoried on an annual basis.	Important - Short Term	The Special Education Department has begun to track and perform annual inventory of the assets maintained by the District.	Corrective Action Implemented	N/A

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