

# **BUFFALO CITY SCHOOL DISTRICT**

*Risk Assessment–Follow-up on  
Findings and Recommendations for the Years  
Ended June 30, 2009, 2010, 2011 and 2012*



**BUFFALO CITY SCHOOL DISTRICT**  
*Risk Assessment–Follow-up on Findings and Recommendations*  
*For the Years Ended June 30, 2009, 2010, 2011 and 2012*  
*Table of Contents*

---

	<u>Page</u>
<b>Transmittal Letter</b>	
<b>Risk Assessment–Follow-up</b>	
Overview .....	1
<b>Summary of Internal Control Recommendations–Follow-up</b>	
Overview .....	2
<b>Appendix A – Matrix of Finding, Recommendations and Implementation</b>	
For the Years Ended June 30, 2009, 2010, 2011 and 2012 .....	Appendix A



---

*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, 2010, 2011 and 2012. 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 inquiry, observations and tests of internal control performed.

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

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

*Drescher & Malecki LLP*

January 30, 2014



**Risk Assessment -  
Follow-up for the Years  
Ended June 30, 2009, 2010, 2011 and 2012**





**BUFFALO CITY SCHOOL DISTRICT**  
*Risk Assessment – Follow-up on Findings and Recommendations*  
*For the Years Ended June 30, 2009, 2010, 2011 and 2012*

---

**Overview**

The District's risks are the risks that an action or event will adversely affect the organization'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 years ended June 30, 2009, 2010, 2011 and 2012.

\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\*

**BUFFALO CITY SCHOOL DISTRICT**  
*Summary of Recommendations – Follow-up on Findings and Recommendations*  
*For the Years Ended June 30, 2009, 2010, 2011 and 2012*

---

**Overview**

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

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

<b>Internal Control Cycle or Area</b>	<b>Number of Recommend- ations</b>	<b>Corrective Actions Implemented</b>	<b>Corrective Actions In Process</b>	<b>Risks Determined Acceptable</b>	<b>Corrective Actions Not Taken</b>
Athletics (A)	6	3	1	-	2
Extraclassroom Activity (E)	4	3	-	1	-
Food Service (F)	4	3	-	-	1
Grants (G)	9	9	-	-	-
Information Technology (IT)	4	1	2	-	1
Purchasing, Accounts Payable and Disbursements (PA)	23	18	5	-	-
Payroll and Personnel (PP)	31	19	11	1	-
Revenue ( R)	6	3	-	1	2
Workers' Compensation (WC)	12	3	5	1	3
<b>Total Recommendations</b>	<b>99</b>	<b>62</b>	<b>24</b>	<b>4</b>	<b>9</b>

**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 That are Determined to be Acceptable**-This category identifies risks noted for which the risk were determined 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.

\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\*

**Appendix A -  
Matrix of Findings, Recommendations and Implementation  
For the Years Ended June 30, 2009, 2010, 2011 and 2012**



# **Athletics (A)**





Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
<b>(A)</b> <b>A09-1</b> <b>A10-1</b>	<b>Athletics</b> District policy requires the sale of pre-numbered tickets for football games held at All High Stadium. During the sporting events, the ticket seller has sole custody of both the cash collected and the ticket collection sheet listing the tickets sold throughout the game, creating exposure that the ticket seller may misappropriate cash and alter the ticket collection sheet. At the conclusion of each game, cash and ticket collection sheets are turned over to the District Director of Athletics.	To strengthen segregation of duties, and since the cost/benefit of two ticket sellers was determined to be impractical in the prior year, if one ticket seller is utilized, cash should be turned over to the Director of Athletics at periodic intervals while tickets are still being sold at each event and the ticket seller should separately submit the ticket collection sheet to the District Finance Department, while the Director of Athletics remits cash proceeds.	Per discussion with the Athletic Director, there are now two people involved in the cash collection process. One person receives the cash and the other receives the ticket and puts in a box. At the end of each game, the ticket sellers/collectors prepare a reconciliation sheet. The reconciliation sheet states the beginning and ending ticket numbers. The Athletic Director receives the cash, ticket box and reconciliation sheet.	Corrective action implemented	N/A
<b>A09-2</b> <b>A10-2</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 during the year ended June 30, 2010, which occurred in November 2009 and 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.	Physical inventories and reconciliations should be submitted to the District and reviewed by appropriate management personnel, and include formal documentation of such review.	Per discussion with the Athletic Director, at the end of each season, inventory is taken and recorded by the coach. There is now formal documentation to record the inventory count. The inventory sheet states the date of inventory and the count of the equipment received back, which is then compared to the master inventory sheet. The coach signs the sheet and the administrator signs the sheet. The students also have documentation to keep track of inventory. The student initials a separate sheet stating when they receive the equipment and then initials again when equipment is returned back to the district. There is a two week time period for the sheets to be returned to the Athletic Director. However, per visit of two locations, neither school had implemented the standard forms, and one stated that they were not aware of the forms.	Corrective action not implemented	It is recommended that the District provide all schools with the standardized forms and require the use of these forms for recording inventory. Inventory should be taken at the beginning and ending of each season by the respective coach of the sport. The Athletic Director should receive all inventory counts performed by the coaches and maintain a master database/log of inventory.
<b>A09-3</b> <b>A10-3</b>	District policy requires the sale of pre-numbered tickets for football games held at All High Stadium be sold to students. At the time of each event, adults are charged \$4 at the gate and students/children are charged \$2. School administrators frequently give students tickets to athletic events for free as an incentive to attend the events and promote the school. Small children, accompanied by adults, are admitted to District athletic events free of charge. It was noted that adult and student tickets are sold from the same roll. As a result, the District is unable to verify that tickets are being sold for the correct price.	The District should utilize two different color ticket rolls for the sale of tickets at the gate to adults and children. This way a cash receipt to ticket sale reconciliation can be done for each roll.	Pre-numbered tickets are sold for games. All tickets are sold from the same roll (red). There is no separate roll for different ticket prices.	Corrective action not implemented	Same as prior recommendation

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
<p><b>A09-4</b> <b>A10-4</b></p>	<p>The District is unable to verify it is receiving the proper amount of cash from concession vendor sales at sporting events. The vendor sells food and beverages at football games and remits 20% of gross concession sales to the District as royalties at the end of the season. However, the vendor does not provide a schedule of sales or any supporting documents as evidence of actual cash sales for the season.</p>	<p>The District should require the vendor to submit documentation of receipts (i.e., a schedule of receipts, register tapes, etc.) as evidence that the proceeds submitted to the District at the end of the football season for concessions sales represent 20% of vendor concession sales.</p>	<p>There are no longer concession vendor sales at the games. This is due to not being able to verify the 20% amount. Once in a while there will be concessions but it will be in a form of a fundraiser for a special event. For large events such as regionals, the district will hire outside vendors.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
<p><b>A09-5</b></p>	<p>At two of the fifteen District school locations visited throughout the year, we noted that the Athletic Supervisors held cash from pre-sale football tickets for at least two months before turning cash over to Main Office Clerks for deposit into the schools' bank accounts. District policy requires all money received from ticket sales be remitted to the Central Treasurer, or equivalent, and deposited into the schools' bank account when collected.</p>	<p>Deposits from ticket sales should be timely</p>	<p>Pre-sale tickets are no longer used for these events.</p>	<p>Corrective action implemented</p>	<p>Refer to E09-1 and E10-1</p>
<p><b>A09-6</b> <b>A09-7</b> <b>A10-5</b> <b>A10-6</b></p>	<p>District policy requires the use of pre-numbered tickets for admission 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, During our site visits conducted during the year ended June 30, 2010, two of ten District schools, we noted 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.</p>	<p>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.</p>	<p>The processes at individual school locations are different depending on the individual schools policies. Pre-numbered tickets are not used by all schools. Pre-numbered tickets are sold at All-High Stadium games. Pre-numbered tickets sold and unused at these games are given back to the Athletic Director for safekeeping.</p>	<p>Corrective action in process</p>	<p>We recommend that a Districtwide 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 non-sold tickets should be returned to the Athletic Director or athletic representative for that particular school.</p>

## **Extraclassroom Activity (E)**



Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
(E)	<b>Extracurricular Activity</b>				
<b>E09-1 E10-1</b>	At one of the District school locations visited, we noted that receipts from extracurricular events such as dances and intraschool basketball games are not being deposited in a timely manner. Monies are collected by volunteers at these events and turned over to the Main Office Clerk for deposit. In this instance, monies from February events were held in a secure Main Office safe and not deposited into the bank until May.	We recommend that all monies turned in to the Main Office Clerk should be deposited in a timely manner; that is, daily or within 72 hours, whichever is attainable at that particular school.	The District now recommends to deposit monies each day and at minimum twice a week. If a large sum of money is received, a deposit will be made that day. There is a manual for policies and procedures to be provided to all school locations currently in development. This manual will simplify the policies and procedures. Training will be offered to implement and enforce these policies. The NYS Finance Pamphlet 2, The Safeguarding, Accounting and Auditing of Extracurricular Activity Funds, will be used heavily as a guide in developing the manual.	Corrective action implemented	The District is in the process of implementing a new procedures manual. We recommend that the District periodically monitor compliance with the procedures manual once it is completed.
<b>E10-2 E11-1</b>	The Associate Auditor does not document his review of the quarterly reconciliations submitted to him by each school within the District.	It is recommended that the Associate Auditor formally document his review of quarterly reconciliations for each school.	The Central Treasurer reviews the quarterly reconciliations and signs off on the reports.	Corrective action implemented	N/A
<b>E09-2</b>	At one of the fifteen District school locations visited, we noted that the Main Office Clerk/Central Treasurer was not preparing monthly bank reconciliations in a timely manner. During our site visit occurring in April 2009, the most recent completed monthly bank reconciliation was for the month of December 2008, which was completed on February 5, 2009. The Principal believed the Main Office Clerk was preparing monthly bank reconciliations. The Main Office Clerk indicated that the office was understaffed and she did not have sufficient time to prepare the reconciliations on a monthly basis. The Main Office Clerk believed the Associate Auditor of the District prepared her bank reconciliations on a monthly basis when she failed to. Currently, the District only requires the school to submit its bank statement and bank reconciliation on a quarterly basis.	All bank accounts should be reconciled monthly and submitted to the District office monthly.	The reconciliations are prepared monthly and reviewed quarterly by the Central Treasurer. The Central Treasurer checks that reconciliations are being performed monthly.	Corrective action implemented	N/A
<b>E09-3</b>	The Central Treasurer of the extracurricular fund is not bonded. Additionally, during our school site visits, we noted that neither cash nor extracurricular funds are collateralized.	It is recommended that the Central Treasurer be bonded in an amount consistent with the amount of cash that is handled.	The District analyzed bonding the Central Treasurer and determined it not to be cost effective. Extracurricular funds are below the FDIC insured limit amount and do not require collateral.	Risk determined to be acceptable	N/A

\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\*

# **Food Service (FS)**





Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
<b>(FS)</b> <b>FS09-1</b>	<b>Food Service</b> The Food Service accountant does not initial and date his monthly review of the bank deposit reports.	In order to provide evidence of the District's timely review of monthly bank deposit reports, the Food Service accountant should initial and date the deposit report after completion of his review.	The accountant now initials and dates the monthly review of bank deposit reports.	Corrective action implemented	N/A
<b>FS09-2</b> <b>FS10-1</b>	Of the twenty-five free or reduced-price lunch applications that were reviewed for accuracy in Primero, four errors in data input were noted, including three incorrect gross income and one incorrect income frequency. Upon further investigation of these data input errors, we ascertained through discussions with District Food Service personnel that errors were a result of automatic data entry error, and not a factor of incorrect information being included on the student food applications, which was subsequently amended in the District's food service system. A student's eligibility for a free or reduced-price lunch is determined through the processing of their application.	We recommend the District evaluate the adequacy of the review process to ensure data scanned into Primero is complete and accurate.	The software has since been upgraded. Applications are reviewed to ensure data scanned into Primero is accurate. The District now participates in a program called Community Eligibility Option (CEO), which enables the District to serve all children breakfasts and lunches at no charge for four successive school years. The District still receives a Household and Income Form to determine eligibility for other services such as Medicaid or Children's Health Insurance Program. Forms are scanned into Primero in batches and then reviewed for accuracy.	Corrective action implemented	N/A
<b>FS09-3</b>	During our visit to one school that did not have a cafeteria, lunches were distributed to students in their classrooms before the identification ("ID") cards were swiped to determine the appropriate lunch eligibility. No listings were utilized by the lunch staff to check students' eligibility. The lunch staff indicated they were aware of the students' needs.	Each classroom teacher should supply all student ID cards with the lunch tally sheet given to the Food Service Supervisor in the morning prior to lunch. By doing so, the Food Service Supervisor may scan all the ID cards and obtain an accurate lunch count before distribution to students.	All students now receive free lunches due to the District participating in the Community Eligibility Option (CEO).	Corrective action implemented	N/A
<b>FS09-4</b>	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.	All children now receive free lunches so any lunch purchases are from teachers. The majority of the purchases are made via the POS system, so little cash is collected. Therefore, employees are not required to take money to the bank until they reach \$50. Money is kept in the freezer until it is deposited in the bank.	Corrective action not implemented	Regardless of the amount of money, we recommend cash is safeguarded in a safe or lock box until it is deposited.

\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\*

## **Grants (G)**



Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
(G)	<b>Grants</b>				
<b>G11-1</b>	During our grant process walkthroughs, we noted that the Office of Federal and State Programs ("OFSP") maintains a Liaison Assignments listing for all grants. This includes the designation of Grant Manager and Grant Administrator for each individual grant. Due to the number of grants the District receives, it is important to have more than one individual take responsibility for managing these grants and attending monthly grant meetings. We noted that several grants either do not have a designated Grant Administrator, or have the same person designated as Grant Administrator and Grant Manager.	We recommend that the Grant Manager and Grant Administrator be separate individuals for each District grant.	The Office of Federal and State Programs ("OFSP") no longer maintains a Liaison Agreement for all grants. The Grants Department no longer reports to the Office of Federal and State Programs. Currently, the Grants Development Department maintains the list of Grant Managers and Administrators. This information is entered into MUNIS by special projects staff. Currently, all grants have both a manager and administrator.	Corrective action implemented	N/A
<b>G11-2</b>	We noted that the grant process involves several approvals through the Office of Federal and State Programs ("OFSP") and the Department of Special Project Claims ("SPC"). However, we did not note any review of grant budgets by a District office independent of the OFSP and SPC. It was noted that Claims Auditors in Accounts Payable stamp approval of grant POs; however, this review focuses on compliance with Board Procurement Policies and Procedures rather than the appropriateness of the charge.	To provide a stronger level of oversight over grant compliance and expense reasonableness, we recommend that a review be performed by a District financial office that is not involved in any day-to-day grant operations. This review should include compliance with grant agreements and appropriateness of grant expenses.	The grant process no longer requires the approvals of the Office of Federal and State Programs ("OFSP") or the Department of Special Project ("SPC"). The grant process has been improved and now requires the approval of the Chief Academic Officer ("CAO").	Corrective action implemented	N/A
<b>G11-3</b>	During our grant expenditure testing and walkthroughs we noted the following: <ul style="list-style-type: none"> <li>• There were expenditures for food served at various parent council meetings. Catered meals do not appear to be reasonable and necessary Title I grant expenditures. Further, it is difficult to determine how the serving of such meals relates to purpose of the Title I grant vs. a District-wide expenditure.</li> <li>• Certain expenditures being charged to the Title I grant were for travel. However, the travel expenses were for individuals who were not District employees.</li> </ul>	The District should determine if it is appropriate to fund travel and conference expenses for nonemployees. District legal counsel should also determine if there are any risks to the District for funding travel to these non-employees (e.g. if the individual is injured during travel, or if excess charges or damages occur). Further, it is difficult to determine how certain travel relates directly to the purposes of the Title 1 grant vs. a District-wide expenditure.	The Grants Department revised this process. Parent facilitators receive individual stipends to use on food and travel expenditures, which are allowable under Title I.	Corrective action implemented	N/A
<b>G11-4</b>	During our grant expenditure testing and walkthroughs, we noted that the District charges expenditures to the Title I grant to provide stipends to parent facilitators within eligible schools. Currently, these individuals have written contracts with the District to act as independent contractors. Based on supporting documentation provided, it is difficult to determine how these individual's tasks relate directly to the purposes of Title I grant.	The District should determine if it is appropriate to charge these stipends against Title I. If so, these individuals should be required to clearly document how their activities directly relate to the purpose of Title I.	The Grants Department revised this process by eliminating all old contracts that existed with parent facilitators. There are now formal guidelines and an application process for a parent to become a parent facilitator. Parent facilitators receive individual stipends to use on food and travel expenditures, which are allowable under Title I.	Corrective action implemented	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
<b>G11-5</b>	<p>During our grant expenditure testing and walkthroughs, we noted that the District incurs expenditures to provide stipends to parent facilitators within Title I eligible schools. Currently, these individuals have written contracts with the District to act as an independent contractor. For federal tax purpose, it is important to make the correct distinction between independent contractor and employee. Based on IRS publications, three main categories are utilized to help to make this distinction; behavioral control, financial control, and relationship of the parties. Based on our review of the agreements as well as our grant expenditure testing, we noted the following:</p> <ul style="list-style-type: none"> <li>• The District directs the responsibilities of parent facilitators. (Behavioral Control)</li> <li>• The District provides training to these individuals (Behavioral Control)</li> <li>• The District provides the working venue and working supplies to parent facilitators. (Behavioral Control)</li> <li>• The District receives timesheets from parent facilitators (Behavioral Control)</li> </ul>	<p>We recommend that the District review IRS Publication 15-A, Employers Supplemental Tax Guide to determine whether these individuals are being properly treated for federal tax purposes.</p>	<p>The Grants Department revised this process by eliminating all old contracts that existed with parent facilitators. There are now formal guidelines and an application process for a parent to become a parent facilitator. Parent facilitators receive individual stipends to use on food and travel expenditures, which are allowable under Title I.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
<b>G11-6</b>	<p>During our review of 40 individual grant expense POs related to contracted services, in general, we noted that there was no evidence that the Grant Administrator or Manager had verified that the services listed on the invoice were actually completed before signing the PO certification. In one instance, the Grant Administrator stated that he had signed the certification but never verified with the associate involved in the day-to-day management of the contracted services that the agreed-upon deliverables had been completed by the vendor. In speaking with the vendor, we noted that, in fact, the agreed-upon deliverable had not been completed, but the vendor was paid for the work anyway.</p>	<p>We recommend that all Grant Administrators and Managers obtain sufficient evidence of contract service completion before signing the PO certification. This evidence should be attached to the signed PO before submitting for payment. Proper evidence could include a copy of the tangible deliverable or computerized time cards/statements from the vendor.</p>	<p>The Audit Department has been very aggressive in reviewing invoices and ensuring that they have adequate documentation that the work was completed (or goods received for tangible items). Training and communication with various groups have been held and communication lines are open between Audit and Grants. There is a formal process where auditors check for appropriate signatures, documentation and calculations. If any discrepancies are found on the invoices or other documentation, it will be sent back to the submitting department for correction. Once the auditors approve the invoices, they then go to the Claims Auditor, who overlooks the documentation. After approval, it then goes to the Accounts Payable Department for payment.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
<b>G11-7</b>	<p>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>An ethics training was provided to employees in 2012. An ethics policy has been implemented and certifications will be provided to senior leadership</p>	<p>Corrective action in process</p>	<p>N/A</p>
<b>G11-8</b>	<p>While the Assistant Superintendent of Federal and State Programs reviews the final evaluation report after they are prepared by the Grant Manager and Project Administrator, she does not sign off on the report.</p>	<p>We recommend that the Assistant Superintendent of Federal and State Programs sign-off on the final evaluation report to document this oversight.</p>	<p>The Grant Manager is now required to sign-off on the final evaluation reports. The superintendent also reviews the reports and ensures that the manager signed-off.</p>	<p>Corrective action implemented</p>	<p>N/A</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
G12-10	All the spreadsheets created in Special Projects Claims Department are saved on the BBOE network and everybody in the department has access to them. Even though the files are backed up by IT Department every night, there is still a chance that someone in the Department can make changes to a file created by someone else before IT backup.	It is recommended that access to documents be limited to the employees that need to use and update those documents and spreadsheets.	Currently, all documents and spreadsheets created in the Special Projects Claims Department are saved on the BBOE network in a special claim folder (server). Access is now limited only to individuals with the Department who use and update these documents.	Corrective action implemented	N/A

\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\*



# **Information Technology (IT)**



Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
(IT)	<b>Information Technology</b>				
<b>IT09-1</b> <b>IT10-1</b> <b>IT11-3</b>	<p>Controls to ensure that user access rights are properly controlled and limited based on job function may not be adequately designed or may not be operating effectively. No documentation was available to evidence that a formal review of user access to the major applications used by the District (i.e. MUNIS) is required or performed at least annually by department supervisors. In addition, user accounts of terminated employees may not always be deleted promptly as the control to communicate terminations from the District's Human Resources Department to the IT department may not be appropriately designed or is not operating effectively.</p>	<p>We recommend a formal review of user access rights within the major applications of the District (i.e. MUNIS) should be performed and documented at least annually by appropriate employees of the District (e.g. department supervisors) to ensure that access rights are appropriate based on job function. Inappropriate access identified during the review should be communicated promptly to the IT Department (i.e. security administrator) for removal or modification. In addition, the District should revisit the design of the current control to require the timely communication of employee terminations by Human Resources to the IT Department to ensure that the design meets the intended control objectives.</p>	<p>On a periodic basis, the IT Department checks users in MUNIS by comparing a terminated employees list and inactive employees list with current users in MUNIS. Along with this procedure, if an employee is inactivated in Active Directory, they can no longer log into MUNIS. In the instance where an employee is inactivated in Active Directory, their status in MUNIS (active or inactive) does not matter as the inactivation in Active Directory will prevent them from being able to log onto MUNIS. However, this process is not formally documented.</p>	<p>Corrective action not implemented</p>	<p>The IT Department should formalize this process and include a review of all major application access. It is the recommendation of the IT Department that the District work with its Internal Auditors to coordinate this formalized yearly review, or that a Compliance Officer is hired outside of the IT Department. A full-time Compliance Officer would be able to monitor appropriate access rights. The Compliance Officer should be independent of the IT Department, as this will segregate duties and ensure that such an officer does not have the IT knowledge to circumvent the system, only the knowledge to monitor access.</p>
<b>IT09-2</b> <b>IT10-2</b>	<p>The Office of the New York State Comptroller issued a Report of Examination on Internal Controls over Information Technology and Retiree Health Insurance Benefits covering the period July 1, 2007 – September 29, 2009. In response to the findings noted in the report, the District submitted a Corrective Action Plan to the State Comptroller's Office.</p>	<p>We recommend that the District continue to implement the steps outlined in the Corrective Action Plan in order to resolve the security control issues described in the report.</p>	<p>The District has addressed or is actively in the process of addressing the issues noted in the report. The corrective action plan has been implemented but is a long-term plan.</p>	<p>Corrective action implemented</p>	<p>N/A</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	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>	<p>The District made an attempt to recruit a Security Analyst, required to be qualified with Microsoft Certified Information Systems Security Professional (CISSP) certification. The attempt was unsuccessful due to the pay scale of the position (CISSP commands one of the highest paying MS certifications). The interim solution was to absorb the job responsibilities of this position into existing positions such as: Network Engineer, AD Team, and Senior WAN Specialist.</p>	<p>Corrective action in process</p>	<p>We recommend that the District analyze its IT budget to allow for the hiring of a qualified Information Security Officer with a CISSP certification, or contracting out with a qualified third party to perform similar duties.</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
IT11-2	<p>A comprehensive written IS policy for the District does not exist or was not available for review. The District maintains certain documents typically associated with an IS security plan such as a written Disaster Recovery Plan, and an Acceptable Use Policy. However, no written IS security policy exists which documents the security objectives needed to meet the District's business requirements. Appropriate security objectives may include policies and procedures to ensure the continued availability of the District's information systems and the integrity of the information stored on such computer systems and while in transit, the preservation of confidentiality of sensitive data while stored and in transit, and the conformity with applicable laws, regulations, and standards.</p>	<p>We recommend that senior management of the District should understand and evaluate the security risks of the District, and develop and enforce a written IS policy that clearly states the standards and procedures to be followed. The development of the IS security policy (which provides the framework for designing and developing logical and physical access controls) is the responsibility of senior management of the District who may, in turn, delegate its implementation to appropriate management with adequate controls such as periodic audits, monitoring of security processes, and technical vulnerability assessments. A written IS security policy is intended to contribute to the protection of information assets and its objective is to protect the information assets of the District against all types of risk whether accidental, intentional, or from natural disaster.</p> <p>Responsibilities for the protection of individual information assets and the duties of the security administrator should be clearly defined in the written policy. General guidance on the allocation of security roles and responsibilities in the District as well as detailed guidance for specific sites, assets, services, and related security processes (e.g. recovery and continuity) should be included, and the policy should ensure the systems conformity with laws and regulations, integrity, confidentiality, and availability of data.</p>	<p>The District currently uses separate Acceptable Use policies, one for students and one for Employees and Third Parties. The AUP outlines the expectations and responsibilities of individuals as it pertains to use and access of district resources. It is the expectation of the District that the AUP is read, understood and signed.</p> <p>The District completed a Districtwide Technology project that included the construction of two state of the art DataCenters located in School 97 and 94. This created high availability for disaster recovery/business continuity and improved security compliance.</p> <p>The District is expecting to finalize a Operations and Maintenance (O&amp;M) manual which will contain the disaster recovery plan for business continuity and maintenance procedures in the next two months. The O&amp;M will be the primary document for handling ongoing operations of the environment, maintenance and what do in the event of a disaster for redundancy and high availability of VDI and all core District applications.</p> <p>The acquisition of a long term support contract will allow the District to maintain the outlined maintenance plan and ensure the stability of the environment for all District stakeholders.</p>	Corrective action in process	N/A

\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\*

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





Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (PA)	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
	<b>Purchasing &amp; Accounts Payable</b>				
<b>PA09-1</b>	The MUNIS Commodity Code listing does not indicate the correct buyer. The most recent Commodity Code listing was updated in October, 2004 and contains personnel no longer employed by the District or employed in a different capacity with the Purchasing Department. Current employees of the Purchasing Department are operating the system by <b>inputting old employee codes into MUNIS.</b>	The Commodity Codes listing should be updated to reflect appropriate personnel changes.	The commodity code was updated to reflect appropriate personnel changes.	Corrective action implemented	N/A
<b>PA09-2</b> <b>PA10-1</b> <b>PA11-1</b>	Invoices and purchase order packages with the receiving signatures are not immediately entered into MUNIS by the accounts payable department. These items are only keyed after both are received and matched to one another. When an item is received or a service is provided, the accounts payable department is not aware that this transaction has occurred until after the purchase order package is returned to the department, which can be weeks after the actual transaction date.	We recommend that this process become automated so that when goods are received or services have been performed, the recipient can log into MUNIS and indicate that the transaction has occurred. This would require the recipient to have access to MUNIS at either a school location or department location. By automating this process, the accounts payable department will know when an item is received or a service is provided in real time, providing the accounting department an opportunity to properly account for the liability.	The District is working to automate this process. Fully automating this process will take an extended period of time, but the District continues to strive towards this goal.	Corrective action in process	Same as prior recommendation
<b>PA09-3</b> <b>PA10-2</b>	The Board of Education recognizes that it may be appropriate to provide meals and/or refreshments at District meetings and/or events, which are being held for an educational purpose. An authorization form must be completed prior to a meeting in order to be reimbursed for meals and/or refreshments purchased. While performing our tests of controls, we selected ten meals and/or refreshments for meeting transactions, and noted the following: <ul style="list-style-type: none"> <li>• Four of the transactions selected for testing were for purchases made by the Board and/or Board committees;</li> <li>• In three of the six remaining transactions selected for testing, we noted no prior approval form attached to supporting documents.</li> </ul>	The Board should review compliance by District personnel to ensure no unauthorized purchases are made.	The District revised its policy. All authorization forms for District meeting meals and refreshments must be submitted and approved in advance of each meeting.	Corrective action implemented	N/A
<b>PA09-4</b> <b>PA10-3</b> <b>PA11-2</b>	No approval is required of the purchasing agent to create a new vendor or change vendor information in the vendor file. Additionally, the purchasing agent does not perform a review of the vendor file to ensure that information contained in the file is accurate and that there are no fraudulent entries.  Currently, a review of inactive vendors is performed annually and inactive vendors are removed from the database. However, this review does not cover active vendors. Because this review is not performed on all vendors, there is risk that a vendor listed in this database is either faulty or duplicated.	It is recommended that the purchasing agent review and approve all new vendors added to the database, or that a new vendor report from MUNIS be reviewed and approved on a periodic basis.	The District instituted procedures whereby all new vendor requests and changes must go through the Director of Purchasing for processing and approval. Additionally, the District instituted periodic reviews of the current vendor listing to be performed by the Director of Purchasing.	Corrective action implemented	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PA11-3	District employees are reimbursed for expenses through accounts payable instead of payroll. They are set up as vendors in MUNIS and all expense reimbursements are processed like a normal accounts payable transaction. We obtained a listing of current employee vendors to determine whether there were duplicate employees and any terminated employees still active within the listing. It was found that there were 12 duplicate employees in the listing. Of these 12, four had two active entries. Additionally, two employees that were known to have left the District were found to have an active status in the vendor listing.	It is recommended that the employee vendor listing be reviewed periodically for duplicate employee vendors and terminated employees. Additionally, it is recommended that the District consider reimbursing employees through payroll to eliminate the need to have employees reimbursed through accounts payable.	The most common instances, including travel, petty cash and mileage are now made out of payroll through employees' normal paychecks.	Corrective action implemented	N/A
PA11-4	All District employees attending conferences must complete and submit for approval, the Application for Short-Term Absence/Leave form before attending the conference. District policy requires the conference flyer or related itinerary be attached to the above-mentioned form and every purchase order submitted for reimbursement. Of the 25 purchase orders tested related to conference travel, we noted 14 were missing a copy of the conference flyer or related itinerary.	It is recommended that the District enforce the policy of attaching all required documentation to an employee's expense reimbursement purchase order before it is processed and paid. This will allow another level of review to determine that actual expenses incurred and submitted for reimbursement are reasonable compared to the estimated costs approved on the Application for Short-Term Absence/Leave form prior to travel.	The District has implemented new policies regarding these matters and has significantly reduced the amount of paperwork required in order to simplify this process. The new documents are available on the District website. Employees are required to turn in the appropriate paperwork at least 30 days before the start of the conference. If an employee fails to do so, they must obtain direct approval from the Superintendent.	Corrective action implemented	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PA11-5	<p>During our school site visits, it was noted that the District does not have a formal policy for textbook tracking and disposal at the school level. Each school we visited stated that they have created their own policy for counting, tracking and disposing of textbooks throughout the school year. Each individual teacher is responsible for the textbooks in his/her class. This requires the teacher to maintain a manual list of all the textbooks in the classroom and which student has each textbook. At the end of the school year, the teacher is responsible for collecting the textbooks and reporting any that weren't returned. There is no standard inventory sheet to be completed by each school and provided to the District at the end of the year. As such, the District cannot readily determine how many textbooks are available at any point during the school year. It was also noted that at the end of a textbook's useful life, many schools give them to the students. The District does not require the school to research if the book could be sold.</p>	<p>The following is recommended:</p> <ul style="list-style-type: none"> <li>• The District should create a formal written textbook policy that can be implemented uniformly throughout all schools. This policy should include procedures for textbook ordering, counting, tracking, and disposal.</li> <li>• The District should consider implementing centralized textbook management software. This software would allow all textbooks to be more efficiently and effectively accounted for. It can be used to track which books are assigned to which student throughout the school year. It can also be utilized to allocate excess textbooks at one school to another school that has a shortage. Providing this real-time information could reduce the amount of excess spending on textbooks as a result of duplicate ordering.</li> </ul>	<p>The District has purchased textbook tracking software and is in the initial stage of implementation. There remains no overall textbook policy for the District; only individual policies at schools.</p>	<p>Corrective action in process</p>	<p>Same as prior recommendation</p>
PA12-1	<p>Based on our testing of 41 change orders associated with 25 project contracts, we noted the following:</p> <ul style="list-style-type: none"> <li>• Total change orders related to these 25 projects resulted in an increase of District expenditures of approximately \$700,000.</li> <li>• Of the 41 change orders tested 38 represented an increase in contract price.</li> <li>• In 3 instances, the District initiated change orders to expand the scope of the project to include additional services. In these cases, the District used the same vendor to contract additional services that were not included in the original bid specifications.</li> </ul> <p>Change orders may be necessary when unforeseen conditions arise during a capital or public works project. In many cases, the original scope of capital projects are changed or expanded, which results in additional cost to the District. Currently, there is no formal District-wide policy addressing change orders.</p>	<p>The District should consider amending its purchasing policy to include change orders. This policy could include a specific threshold or circumstance for which change orders require additional review and approval.</p>	<p>A policy including provisions for change orders passed through the Board in January 2013.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
PA12-2	<p>Regarding the contract award process for architectural/engineering services, the Buildings department sends bid invitations selected from a list of pre-qualified architectural and engineering firms. This list is categorized by area of expertise. As such, the firms that are invited to submit proposals for a particular project are based on their specific area of expertise. The Buildings department then evaluates these bids based on internal evaluation criteria.</p>	<p>We recommend the Buildings department formalize this process for approval by the Board of Education.</p>	<p>The Board approved a listing of these particular vendors in 2011. The list is determined to be adequate for 2 years (Jan. 2012 – Jan. 2014), and will be reevaluated by the Board after the term has completed.</p>	<p>Corrective action implemented</p>	<p>N/A</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PA12-3	The District should maintain an approved vendor listing.	The vendor listing should contain a list of all vendors the District is approved to conduct business with. The listing should be reviewed and updated on a regular basis to determine that the relationship with the vendor should continue and that no events have occurred that would require the possible termination of the relationship, such as an identified conflict of interest. When properly maintained, an approved vendor listing will help mitigate the risk that the District conducts business with unknown related parties and/or fraudulent vendors.	The MUNIS listing serves as the approved vendor listing. The Director of Purchasing oversees and maintains the vendor listing. No vendor can be added or removed from the listing without their approval. Additionally, the Director of Purchasing checks the vendor listing for inactive vendors every 6 months. All vendors to be considered must sign W-9 forms and submit additional information, which is scanned into MUNIS.	Corrective action implemented	N/A
PA12-4	The District should consider compiling a list of sole source vendors to be approved by the Board.	The listing should maintain all vendors who are the only possible source to procure a good or service. For each vendor maintained in the listing, the unique benefits of the patented item should be documented and/or written documentation explaining that there are no other items or services available in the marketplace that would provide substantially equivalent or similar benefits. All vendors processed through the sole source vendor commodity code should be on this list.	The District determined that it is not reasonable to maintain a sole source vendor list to be approved by the Board, as vendors constantly change from being sole source to non-sole source. All sole source vendors have to be approved by the Director of Purchasing. Additionally, documentation is maintained within MUNIS to support the sole source vendor designation. Sole source vendor information is furnished to the Board on an individual basis.	Corrective action implemented	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PA12-5	<p>The District’s policy states that when procurement can only be accomplished through the use of a sole source vendor, competitive bidding documents are not required. The District will maintain written documentation of the unique benefits of the item or service as compared to other items or services available in the marketplace; that no other such items or service provides substantially equivalent or similar benefits; and that considering the benefits received the cost of the item or service is reasonable, when compared to conventional methods. In addition, the documentation will provide that there is no possibility of competition for the procurement of the goods. During our testing, we noted that all buyers are permitted to approve sole source payments related to their respective commodity code.</p>	<p>We recommend that all sole source payments are approved through the sole source commodity code (which is approved by the highest level of management in the purchasing department). This code should be used for sole source payments only. To gain additional assurance that there are no goods or services in the marketplace that would provide equivalent or similar benefits, sole source payments should be reviewed and approved by an individual independent from the approver. The reviewer should sign off verifying they have diligently searched the market place, document searches performed and confirmed that there are no other comparable goods or services.</p>	<p>As previously discussed, sole source vendor documentation is maintained within the MUNIS system and must be approved by the Director of Purchasing. The Director of Purchasing must sign off on payments going to sole source vendors.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
PA12-6 PA12-15	<p>The District’s procurement policy states that: “In determining the necessity for competitive bidding, the aggregate amount to be expended during the fiscal year on an item or those of a similar nature (a “reasonable commodity grouping”) must be considered.” For example, office supplies or art materials may constitute an appropriate grouping for bidding purposes.</p> <p>During testing, we noted that Musical Instruments and Supplies and Digital Cameras were not bid out as required by the procurement policy. Based on our inquiries, this is due to the fact that teachers receive a set amount to expend at their discretion (\$200-\$300 per school year) at any point during the year. Although there are deadlines by which teachers are supposed to submit requisitions, we observed that they were submitted throughout the year and processed as if they had been submitted on time. This current situation prevents Buyers from being able to bid out these commodities as a whole, as required by the District’s purchasing policy.</p> <p>We also noted instances where multiple purchases, exceeding \$10,000, were made with a single vendor over the course of a fiscal year and were not competitively bid. Of the twenty-two vendors tested with annual expenditures exceeding \$10,000, we identified two instances where items that could be “reasonably grouped” were not put out for bid.</p>	<p>We recommend that the District adopts a policy where teachers must submit their requisitions for supplies by a certain date, and if requisitions are not received within this timeline, an individual’s funding will revert to the respective department head to be spent by the deadline. This will allow Buyers to create formal bids for these commodities and comply with the District’s policy. We also recommend that at least annually, the purchasing department meets to evaluate purchasing needs for the upcoming fiscal year. Based on historical trends, the District should evaluate where waste can be eliminated and/or where commodities can be grouped together and bid to recognize a costs savings.</p>	<p>The District recognizes this issue but notes that it is difficult to remedy. There is a deadline for departments to submit purchase requisitions. However, there is a timing issue that exists between bidding and actual receiving of supplies. The bidding process may take multiple months to complete and the supplies will not be at the schools when needed. The District is trying to be proactive about this process by giving the departments general price listings in order estimate if items should go out for bidding. The purchasing department also encourages departments to buy through state bid contracts in order to avoid the bidding process. Informal bids are still required from 3 vendors if expenditures are to be under \$10,000 (which a majority of expenditures are). The District determined it to be unreasonable for departments to estimate in June and July for supplies needed in September, as there is too much uncertainty and flawed estimates could create large amounts of excess goods/wasted money.</p>	<p>Corrective action in process</p>	<p>We recommend the District utilize historical trends to estimate the accumulated amount of expenditures for a particular item or similar items. This analysis should provide a reasonable basis for determining whether these expenditures will exceed the bidding thresholds.</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PA12-7	<p>From January 1, 2011 through the date of our fieldwork, November 7, 2011, the District has spent over \$2.5 million dollars under the software commodity code, which does not include technical support related to software implementation. Based on discussions with the Information Technology Department we noted that several of the IT related commodity codes are approved by IT prior to purchase. However, we noted that software purchases, or related charges for technical support, are not reviewed and/or approved by the District's IT Department.</p>	<p>In order to determine software purchases are compatible with the District's networks prior to approval we recommend that the IT Department reviews and approves purchases under the software commodity code. The District should develop an approval process for software purchases to eliminate costly technical support fees or wasted monies that may result from incompatible software.</p>	<p>The Manager of System Operations in the IT Department must approve all IT related purchases. MUNIS controls were adjusted to make sure that this process is completed.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
PA12-8	<p>Based on testing performed, we noted instances where verbal or written quotes were not obtained or proper bidding procedures were not followed. When quotes or bids are not obtained, goods and services are not subject to fair and open competition, nor is the District achieving the maximum cost savings possible.</p> <p>We selected fifteen expenditures under the \$10,000 threshold. Within these fifteen expenditures we noted three instances for which documentation was not sufficient to determine if proper bidding procedures were performed.</p> <p>We tested forty expenditures over the \$10,000 threshold. Of the forty items tested over the \$10,000 threshold, we noted five instances where proper bidding procedures had not been performed.</p>	<p>We recommend that all quotes/bids be formally documented and maintained by the District. If instances occur where the typical process did not occur, the circumstances that exempt the purchase from the process should be documented in accordance with the District's policy. Additionally, we recommend that the District implement a formal review process where the work of all buyers is periodically reviewed to determine that the appropriate procedures are being followed. A formal review should be signed-off, by the individual with the authority and expertise to perform such a review.</p>	<p>Procedures were reiterated to employees and all documentation is now scanned into MUNIS. MUNIS controls and documentation are extremely important in the purchasing/bidding process. Formal sign offs occur within the MUNIS system.</p>	<p>Corrective action in process</p>	<p>N/A</p>
PA12-9	<p>In order to prevent requisitions being processed without the proper levels of approval, the District reviews and approves requisitions through an electronic process in MUNIS. Through this process each requisition must have the electronic approvals of the buyer and the following, if based on threshold are applicable: the Superintendent, the Board of Education and the Buffalo Fiscal Stability Authority. Through inquiry, we noted that approximately 90% of proposals are processed through this electronic process; the other ten percent are performed manually which makes it possible to circumvent the District's standard approval process.</p>	<p>In order to utilize the internal control gained from using the electronic process, we recommend that the District converts to a system where all requisitions are submitted electronically.</p>	<p>All District public schools utilize the electronic requisition process through MUNIS. Manual requisitions are only used by non-public schools which do have MUNIS making it impossible to convert to electronic processing. However, the District has mitigating controls where all manual requests for proposals are scanned into MUNIS once they reach the Purchasing Department and electronic approvals must be obtained before purchases are made.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
PA12-10	<p>During our testing we noted that there are revenue streams associated with certain contracts, such as purchase credits and/or volume discounts. We inquired of several departments including those involved in the procurement, finance and payment process, but we could not identify an individual who was responsible for monitoring the revenue streams/credits associated with these contracts.</p>	<p>We recommend that the District develops a process to identify contracts or bids awarded with revenue streams and designate an individual that will ensure stated purchase credits or volume discounts are being made to the District.</p>	<p>Although indicated that these arrangements are infrequent, a responsible party is assigned for contracts with revenue stream. The responsible party is documented on the contract checklist.</p>	<p>Corrective action implemented</p>	<p>N/A</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PA12-11	Currently, Buyers in the Purchasing department are assigned to certain commodity codes. During testing, it was noted that Buyers often approved purchases for commodities outside their assigned codes.	The District should institute a policy that requires Buyers to strictly adhere to their assigned commodity codes. If a Buyer receives a purchase order that is coded incorrectly, he or she should notify the correct Buyer and reassign the purchase order respectively.	The District responded that it is useful for buyers to have the ability to use another commodity code. For example, when one buyer with a specific code is on vacation, a purchase under that code may still need to be made. Another employee will be able to use that code to complete the purchase. All purchases need the approval of the Director of Purchasing; therefore the approval controls are in place. Additionally, when commodity codes are incorrectly used, the buyer adjusts the code and forwards it to the proper buyer.	Corrective action implemented	N/A
PA12-12	Currently, there are no formal processes in place when a purchase is denied by the Purchasing department. It was noted that the electronic approval process within MUNIS allows users to document the reason for a rejection through an electronic comment.	The District should consider enforcing a standard process that when a purchase is rejected at any phase, a comment describing the rejection is required. Additionally, the comment would still remain even after the purchase is approved. This process would call attention to purchases that have been disapproved for any reason and create another control surrounding the purchasing process. It would ensure that rejected purchases have been disallowed for appropriate purposes and ensure that management is aware of all rejections. This policy would also create an environment that enhances accountability and a system of internal control.	When a purchase is rejected, the system requires the individual to enter a comment as to why the purchase was rejected. The purchase must be reinitiated and the originally rejected purchase will remain in the MUNIS history documentation.	Corrective action implemented	N/A
PA12-13	During testing, it was noted that there is no formal written policy regarding the auditing of claims.	The District should develop a formal process that encompasses the requirements noted above for auditing claims. This will ensure that all employees auditing claims are consistent and reliable, and ensure compliance with other District policies. The enforcement of this policy will increase the District's control over the auditing of claims.	The policy was created and can be viewed online within the District policy manual. Additionally, the Claims Auditor has a formalized procedures manual.	Corrective action implemented	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PA12-14	During the course of testing performed we noted instances in which (1) Consultants began working for the District before a requisition or contract was submitted and/or approved and (2) Supporting documentation did not adequately support that these individuals performed the service.	We recommend that in instances where an individual is hired by the District to perform a professional service that the District follows the requisition process, in which a request is made to pay for the services to be rendered. If the consultant is hired as part of a grant approved by the Board, the language in the grant which approves the services should be attached and reviewed prior to approval. Additionally, as invoices for these services are submitted for payment, they should be scrutinized for adequate supporting documentation and compliance with the grant.	Approvals must be in place in advance of work. Additionally, the Legal Counsel will not sign off on the contract if work has begun before the date of the contract unless there is adequate reasoning and documentation as to why this happened. The audit department serves as an additional check in this process.	Corrective action implemented	N/A
PA12-16	Currently, 29 employees retain Wegmans Shoppers Club Cards with predetermined limits that allow them to purchase items at Wegmans stores and charge their purchase to the District. The District does not maintain a list of employees who have these cards, and the District does not have a formal written District-wide policy that addresses the appropriate use for these cards. During testing, we found several instances where employees with access to these cards had made personal purchases and expensed them to the District.	The District should implement a strict policy restricting the use of these cards to education-related purposes. The District should maintain its own list of employees who retain these cards, and periodically assess whether they are needed. In addition, the District should reassess the limits it puts on these cards. Currently, many cards have a limit of \$500 – \$1,000. Departments that have cards with predetermined limits include Career and Technical Services, Special Education, the Science Department, the Superintendent’s office, the Board Offices, and Art Education. The District may need to periodically assess whether all of these cards are appropriate for these respective departments, and whether access needs to be restricted further to avoid abuse. We recommend that Shopper’s Club Cards be issued only to supervisors to increase accountability and that their usage be kept to a minimum and closely monitored in order to strengthen the internal controls over disbursements and help prevent future misappropriation of assets.	These cards are issued by purchase orders and have specific limits under the control of the Purchasing Department. Each supervisor is responsible for monitoring the expenditures on these cards and they must approve monthly statements for the expenditures. Additionally, the Purchasing Director is able to request a list of purchases at any point in time to check for reasonableness. There has been a significant decrease in the number of these cards. However, there is no overall acceptable use policy in place.	Corrective action in process	Some departments maintain an acceptable use policy for their purchase cards. The District should implement a standard acceptable use policy for all purchase cards.



Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PA12-17	Throughout our testing of the purchasing cycle, we noted instances where purchase orders and other supporting documentation could not be found or provided by the District.	We recommend that the District develops that appropriate document retention policies, monitoring and filing systems to ensure they can determine the location of documents at all times. For example, if purchase orders are filed and have been pulled for review, a sign out system should be in place documenting where the whereabouts of all documents. The individual who has requested the document and maintains possession of that file should sign for the document and sign once again when the document is returned.	The District has automated this process where invoices and purchase orders are required to be scanned into MUNIS, so electronic copies are maintained. If applicable, the Accounts Payable Office has developed a log that is used to sign out original purchase orders whenever they are removed from the office.	Corrective action implemented	N/A

\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\*

# **Payroll and Personnel (PP)**



Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
<b>(PP)</b>	<b>Payroll &amp; Personnel</b>				
<b>PP09-1</b>	<p>After reviewing teacher sign-in/out sheets during our school site visits, it was noted that in general, part-time teachers are not annotated as absent when they do not work at a particular school location. Part-time teachers float from various schools throughout the week. It is not apparent from our reviews of various statements of service whether a part-time teacher was present at the school or working at a different school on a particular day. Although the sign-in sheet provides some backup for teacher attendance, it is not supplied to the District when processing payroll. As such, District personnel may not be aware of a part-time teacher's schedule and incorrectly pay that teacher for days worked during a particular pay period. Specifically, at one school location visited, we noted a part-time teacher was not marked absent on the sign-in sheet, and therefore, was erroneously included as present on the statement of service.</p>	<p>If a part-time teacher splits his or her time among various schools during the week, it should be noted on the statements of service to prevent the District from paying part-time teachers on days they are not scheduled to work.</p>	<p>Currently, the District uses Automated Educational Substitute Operator ("AESOP") technology to track absences.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
<b>PP09-2</b>	<p>At eight of fifteen school locations visited, we noted numerous instances where the teachers/ substitutes/school administrators' sign-in sheets maintained in the Main Office did not agree to the statements of service provided by the school and submitted to the District for payroll for the periods reviewed. Specifically, we noted the following errors during our testing performed at eight individual school locations:</p> <ul style="list-style-type: none"> <li>• A teacher signed in as present on the sign-in sheet, but was marked absent on the statement of service;</li> <li>• Teachers were marked as 1/2-day absent on the sign-in sheet, but was marked as present for the full day on the statement of service;</li> <li>• Teachers did not sign-in as present on sign-in sheets, but were marked present on the statements of service; and</li> <li>• Teachers were marked as absent on the sign-in sheets, but still erroneously marked as present on the statements of service.</li> </ul> <p>Errors in the documentation and submission of payroll data to the District by individual school locations have significant implications on the District's expenditures. During our visits to various school locations, we noted inconsistency related to Main Office procedures utilized to prepare required payroll reports.</p>	<p>The District must implement procedures to ensure statements of service prepared by the individual school locations are reviewed by the school principals and/or other appropriate school personnel prior to submission to the District. Furthermore, we also recommend that the District adopt formal procedures and instructions for the preparation of statements of service by school personnel that would allow for straightforward reviews of payroll data by appropriate District management personnel prior to processing payroll. This policy should include the preparation of reconciliations between the schools' sign-in sheets and statements of service, as applicable. This will aid in the prevention of errors that occur during the preparation of the statement of service and processing of payroll, although it may not alleviate this risk completely.</p>	<p>The District is in the process of implementing a new payroll system. This new system will allow teachers to clock in and out on the computer, eliminating the need to track attendance on paper. The District uses AESOP data to populate the current timesheet which mitigates some of these issues.</p>	<p>Corrective action in process</p>	<p>N/A</p>
<b>PP09-3</b>	<p>During one school location visited, we noted that the principal did not sign and date the statements of service prepared by clerical staff as evidence of their review. Specifically, for pay period ended April 3, 2009, we noted the statement of service was not signed by the school principal as evidence of her approval.</p>	<p>It is District policy that the principal at each school sign the Statement of Service as evidence of approval before submission to the District for processing.</p>	<p>Principals are signing statements of service and the payroll department checks the statements of service for signatures as required by District policy.</p>	<p>Corrective action implemented</p>	<p>N/A</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PP09-4	During our school location visits, we noted numerous instances where schools call in substitute teachers without posting the teacher's absence to AESOP. Contacting teachers directly circumvents the process and controls related to AESOP that ensure fairness and appropriateness of substitute teacher assignments.	We recommended that the District formalize policies and procedures related to AESOP and posting of teacher absences and use of substitutes. As part of this process, school administrators should certify their acknowledgement of the existence of such policies. Errors that occur during the preparation of statements of service may be prevented through the adoption of new Board policy related to utilizing AESOP to its full capacity.	Currently, there are still schools where principals will directly contact the substitute teachers in the absence of a full time teacher instead of using AESOP to document the absence. It is in these circumstances that the majority of errors occur because a principal may forget to document the teacher's absence. We noted, the District has formalized policies and procedures related to AESOP and have sent out memos outlining appropriate usage of AESOP.	Corrective action in process	We recommended that the District fully enforce policies and procedures related to AESOP and posting of teacher absences and use of substitutes. As part of this process, school administrators should certify their acknowledgement of the existence of such policies.
PP09-5	During the performance of our procedures related to Home Instruction payroll, we noted that home instruction time cards are currently not required to be submitted on a bi-weekly basis. Employees are able to submit multiple time cards over the course of several months. As such, home instruction payroll is submitted for payment during a different payroll cycle from when the wages are earned. Such delays in the reporting of time increases the risk that expense may not be recorded in the correct period. Further, submitting multiple time cards reduces the effectiveness of the administrative review process.	We recommend the District adopt a strict policy of submitting Home Instruction time cards on a bi-weekly basis.	Home Instruction payroll is now submitted on a bi-weekly basis.	Corrective action implemented	N/A
PP09-6 PP10-7	During our testing of Home Instruction payroll it was noted that, of the ten timecards reviewed, one was not supported by a parent signature certifying the actual hours of home instruction. It was also noted that home instruction sessions are periodically held in a public location. Therefore, it is difficult for teachers to obtain parent signatures prior to submission of statements of service.	The District should consider alternatives, such as holding home school sessions, where possible, at other school locations. This would provide better control over teacher hours. Additionally, restructuring the environment may provide security and cost benefits to the District as well as mitigate the risk that timecards will contain errors or misstatements.	Home Instruction now occurs in the schools after school hours. Home Instructors are visibly supervised and the principals certify the instructor's time cards.	Corrective action implemented	N/A
PP09-7	During our control testing of payroll, we found that certain pay rates were incorrectly listed on the MUNIS produced payroll register. Specifically, we noted that the payroll register incorrectly lists the pay rate for pay codes 50 (overtime) and 55 (longevity overtime). The printed rate reflects the straight-time pay rate rather than applicable overtime rate. However, the system does appear to be correctly calculating the gross pay based on the correct overtime rate. This situation results in the payroll register being inconsistent with the actual pay.	We recommend that the District investigate the cause of this discrepancy and have it resolved so that MUNIS produces accurate reports.	The District investigated this issue and indicated that this is how MUNIS system is set up. There have been no identified issues as MUNIS reports salaries at base rates and indicates the factor for the applicable overtime period. We did not note any instances of pay being incorrectly calculated.	Corrective action implemented	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
<p><b>PP09-8</b> <b>PP10-2</b></p>	<p>As noted during our control testing of payroll, it appears there is no firm deadline for the submission of statements of service for extra activities in order for them to be processed in a timely manner. As an example, included in our sample was an extra activity statement of service for the week ended October 9, 2009, which was not processed until the period ended October 23, 2009. Such delays in the reporting of time increases the risk that expense may not be recorded in the correct period and that employees may not be paid promptly. Additionally, it hinders the documentation process as when support was sought for the October 9, 2009 payment each prior period statement of service had to be scanned.</p>	<p>We recommend that the District require all extra activity statements of service be submitted timely to the District Payroll Department and processed in the correct pay period.</p>	<p>The District has established an appropriate pay schedule and sends out quarterly reminders. Still, there are some employees that prefer to hold on to the statements beyond the District's pay schedule. The District is legally obligated to pay the employees, regardless of when they submit the statements.</p>	<p>Corrective action in process</p>	<p>Same as prior recommendation</p>
<p><b>PP09-9</b> <b>PP10-9</b> <b>PP11-4</b></p>	<p>In prior years, several deficiencies were noted regarding the maintenance of personnel files and I-9 documentation. We recommended that HR implement a checklist for new hires. It was further recommended that background checks and fingerprinting requirements be included in this checklist, as they are crucial elements of the hiring process. The District adopted this recommendation for the current year; however, based on our walkthrough of five new hire files, we noted the following:</p> <ul style="list-style-type: none"> <li>• Three files contained incomplete or missing I-9 forms and identification</li> <li>• Two files did not contain evidence of Advance Credit Differentials with transcripts</li> <li>• One file did not contain evidence that fingerprinting requirements were fulfilled</li> <li>• One file did not contain evidence of the Oath of Allegiance.</li> </ul> <p>All employees should have in their personnel file: 1) An Employment Application 2) Option Form for NYSERS/NYSTRS, whichever is applicable 3) An Oath of Allegiance 4) Form W-4 Form (Federal Withholding) 5) Form IT-2104 (State Withholding) and 6) All employees hired subsequent to October 1, 2009 should have an offer letter on file.</p> <p>Additionally, all employees hired subsequent to November 6, 1986 should have U.S. Department of Justice Form I-9 on file, along with: 1) A document that establishes both identity and employment eligibility OR 1) A document that establishes identity and 2) A document that establishes employment eligibility. All documents should be in compliance with the List of Acceptable Documents on Form I-9.</p> <p>Employers who fail to comply with the Form I-9 requirements (including the proper completion and retention of the documentation) or fail to make available for inspection I-9 Forms as required by law may face monetary penalties of at least \$100 not to exceed \$1,000 for each employee for whom the I-9 was not completed, retained and/or made available. Failure to comply with I-9 requirements or take the requirement seriously may also result in the hiring of an illegal alien, which could result in a more severe monetary penalty.</p>	<p>We recommend that HR fully implement its checklist for new hires.</p>	<p>Human Resources implemented the use of a checklist for new hires to ensure all required documentation is included in the personnel files.</p>	<p>Corrective action implemented</p>	<p>N/A</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PP09-10	<p>Of the four substitute personnel files selected for testing, we noted that three of the files failed to contain I-9 forms documenting that the substitutes are eligible to work in the United States of America.</p> <p>By not containing these documents, the District runs the risk of not being able to evidence the fact that its employees have the proper credentials, and are cleared (in regards to background and fingerprint checks), to work for the District. Additionally, we were not able to substantiate the amount being withheld for federal and state income taxes due to the absence of tax forms. However, we were able to recalculate the amounts being withheld based on the information within the payroll system.</p>	<p>We recommend that the HR department develop a policy that states that personnel files must contain the following information (in addition to other information they deem appropriate, e.g., application, affidavit) prior to the substitute being eligible to work:</p> <ul style="list-style-type: none"> <li>• Completed W-4 form;</li> <li>• Results of background check;</li> <li>• Results of fingerprint check;</li> <li>• Completed I9 form with 2 proper forms of identification;</li> <li>• Transcripts/Diplomas/Copy of teaching certificate if applicable; and</li> <li>• Any changes/updates to any of the previous documents.</li> </ul>	<p>Human Resources implemented the use of a checklist to ensure all required documentation is included in the personnel files.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
PP09-11	<p>Of the remaining 10 personnel files selected for testing, we noted the following:</p> <ul style="list-style-type: none"> <li>• Four files pertaining to teacher aides did not have a copy of a diploma;</li> <li>• Five files did not contain evidence of a completed background check; and</li> <li>• One file did not contain a completed retirement system membership form.</li> </ul> <p>By not containing these documents, the District runs the risk of not being able to evidence the fact that its employees have the proper credentials, and are cleared (in regards to background and fingerprint checks), to work for the District. Additionally, we were not able to substantiate the amount being withheld for federal and state income taxes due to the absence of tax forms. However, we were able to recalculate the amounts being withheld based on the information within the payroll system.</p>	<p>We recommend that the HR department develop a policy that states that personnel files must contain the following information (in addition to other information they deem appropriate, e.g., application, affidavit) prior to the employee being eligible to work:</p> <ul style="list-style-type: none"> <li>• Completed W-4 form;</li> <li>• Results of background check;</li> <li>• Results of fingerprint check;</li> <li>• Completed I9 form with 2 proper forms of documentation;</li> <li>• Transcripts/ Copy of teaching certificate if applicable; and</li> <li>• Any changes/updates to any of the previous documents.</li> </ul>	<p>Human Resources implemented the use of a checklist to ensure all required documentation is included in the personnel files.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
PP09-12	<p>During our control testing of payroll, we were not able to substantiate the amount deducted from substitutes' gross pay for union dues as supporting documentation was not available. Per terms of the agreement between the District and the substitute teachers' union, the union must annually certify to the District the amount of the union due deduction by August 15th of each year. Based on our discussions with the Human Resources Substitute Teachers Desk, this does not appear to be occurring.</p>	<p>We recommend that the District obtain the annual certification of union dues from the union and retain on file.</p>	<p>The Chief Payroll Auditor now receives validation from the unions on what was paid.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
PP09-14	<p>New employees may begin working before being officially approved by the Board of Education. While all employees (with the exception of substitutes and substitute teacher aides) are eventually officially approved by the Board of Education, there is a lag between the time of initiation of the hire and approval by the Board of Education, due to the time needed to process paperwork, verify certifications, perform background checks etc. By the time the new employees are presented to the Board of Education for official approval, they may already be working for the District.</p>	<p>We recommend that the District not allow prospective employees to begin working until the hire is officially approved by the Board of Education.</p>	<p>While the District does its best to not have employees begin work before being officially approved by the Board of Education, due to the fact that Board of Education meetings are only twice a month, there will be times where the District needs an employee to begin working before they are officially approved.</p>	<p>Risk determined to be acceptable</p>	<p>N/A</p>



Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
<p><b>PP09-15 10-14</b></p>	<p>Newly hired teachers may begin working at a District school before being fully cleared by HR due to a lack of communication between HR and the new teacher's tenure area. In other words, the new teacher's assignment (i.e., start date) is determined by the tenure area, without consultation with HR in regards to: 1) when the new teacher will be cleared to begin work (i.e., certifications have been verified and the results of background and fingerprint checks have been received); or 2) the current status of the new teacher in the hiring process (i.e., awaiting certification, awaiting Board of Education approval, etc.). This could result in unqualified, unapproved individuals rendering services as a teacher to the District.</p> <p>For example, there are two ways for the Supervising Accountant in HR to be notified of new teacher hires: 1) through the receipt of a properly approved Board Change Form; and 2) through notification from the Payroll Division of individuals being listed on statements of service that are not shown in MUNIS. The correct way should be the former, in which case the teacher has been cleared by HR (i.e., certifications have been verified, background and fingerprint check results are in, and the Board Change Form has been properly completed and authorized). When the latter occurs, this means that the new teacher has already rendered services prior to being properly authorized to do so.</p> <p>Board of Education policy #6212 states: "The District must ensure that all newly hired teachers in Title I programs who teach core academic subjects are highly qualified per Regulations of the Commissioner of Education. The term "core academic subjects" means English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, arts, history, and geography. A "highly qualified" teacher is one who has obtained full state certification as a teacher, or has passed the state teacher licensing examination, holds a license to teach in the state, has at least a bachelor's degree, and also must show subject matter competency in the subjects they teach." Thus, there appears to be a way in which unqualified individuals may render services to the District.</p>	<p>We recommend that communications between HR and tenure areas/departments be enhanced so that a start date is cooperatively decided, with such date being subsequent to clearance by HR.</p>	<p>All hiring now goes through the Human Resources department.</p>	<p>Corrective action implemented</p>	<p>N/A</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PP09-16	<p>New employees may begin working before the results of background and fingerprint checks have been received. This is not to say that such checks are not being conducted, but rather that the new employees are placed in positions subsequent to the check occurring but prior to results being received. Board of Education policy #6180 states, “the District shall not employ or utilize a prospective school employee...unless such prospective school employee has been granted a “full” clearance for employment by the State Education Department.” Note that the same policy allows for Conditional Appointments and Emergency Conditional Appointments, whereby a provisional appointment is allowed pending full clearance by the State Education Department; however, the process, as outlined in the policy, does not appear to be followed.</p> <p>In regards to Conditional Appointments, Board of Education policy #6180 states: “Whenever possible, a “full” clearance will be received for all new employees requiring such clearance before they begin work for the District. However, upon the recommendation of the Superintendent of Schools, the Board of Education may conditionally appoint a prospective employee. <i>A request for conditional clearance shall be forwarded to the Commissioner of Education along with the prospective employee’s fingerprints as mandated pursuant to law. Such conditional appointment shall not commence until notification by the Commissioner that the prospective employee has been conditionally cleared for employment</i> , and such conditional employment shall terminate when the School District is notified of the determination by the Commissioner to grant or deny full clearance; however, if full clearance is granted, the appointment shall continue and the conditional status shall be removed. Prior to commencement of such conditional appointment, the District must obtain a signed statement for conditional employment from the prospective employee indicating whether, to the best of his/her knowledge; the prospective employee has a pending criminal charge or criminal conviction in any jurisdiction outside the state.”</p> <p>In regards to Emergency Conditional Appointments, Board of Education policy #6180 states: “Upon the recommendation of the Superintendent of Schools, the Board may make an emergency conditional appointment when an unforeseen emergency vacancy has occurred. <i>When such an appointment is made, the process for conditional appointment as enumerated above must also be initiated.</i> Emergency conditional appointment may commence prior to notification from the Commissioner of Education on conditional clearance but shall terminate twenty (20) business days from the date such appointment commences or when the District is notified by the Commissioner that conditional clearance is either granted or denied, whichever occurs earlier; however, if conditional clearance is granted, the appointment shall continue as a conditional appointment. Prior to the commencement of such appointment, the District must obtain a signed statement for emergency conditional appointment from the prospective employee indicating whether, to the best of his/her knowledge; the prospective employee has a pending criminal charge or criminal conviction in any jurisdiction.”</p>	<p>We recommend that employees not be placed in positions until the results of background and fingerprint checks are received. However, if it is absolutely necessary for the employee to begin working, we recommend that the District follow the policies set forth in Board of Education policy #6180.</p>	<p>No new employees are allowed to start working until the results of background and fingerprint checks have been received. The District's use of LiveScan has helped expedite this process.</p>	<p>Corrective action implemented</p>	<p>N/A</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PP09-17	<p>For employees other than substitutes, a projection of what is anticipated to be worked on the last Friday of the pay period is required. This is a result of statements of service being due on the Thursday before that Friday in order to begin processing payroll. The actual performance of the employee on that Friday may deviate from the projection, resulting in corrections in the next period, if caught. It was noted that this situation is a product of timing issues associated with processing payroll (i.e. the statements of service must be received by Thursday in order for the payroll process to be completed by payday due to the volume of paperwork).</p>	<p>The implementation of an electronic timekeeping application would significantly decrease the payroll processing time, thereby eliminating the need for any projection of work activity and the corrections of deviations from such.</p>	<p>The District is in the process of implementing an electronic timekeeping system. AESOP allows absences to be recorded on Friday before payroll is submitted, reducing the need to make corrections in the subsequent payroll periods.</p>	<p>Corrective action in process</p>	<p>Same as prior recommendation</p>
PP09-18	<p>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.</p>	<p>We recommend that the District improve safeguards surrounding personnel files so as to further prevent unauthorized access, theft, or damage/loss.</p>	<p>Personnel file cabinets are not locked and current teacher files are not filed in cabinets. The District is in the process of digitizing the personnel files. This should be completed within 6 months.</p>	<p>Corrective action in process</p>	<p>Same as prior recommendation</p>
PP09-19	<p>When verifying years of service for retirement and other purposes, HR account clerks must research the work history of the employee. For employees beginning work prior to 1996, there exist Permanent Record Cards ("roster cards"), which are actual manual cards detailing the employee's work activity from hire to 1996. There are numerous organizational and security issues surrounding these roster cards:</p> <ul style="list-style-type: none"> <li>• The bulk of the roster cards are kept in filing cabinets, which are never locked, though they are lockable. In fact, the personnel who maintain these files do not even have a key to these cabinets, nor do they know who does. The cabinets are not fire-proof.</li> <li>• There does not appear to be a rational filing system for the roster cards. There is a set of filing cabinets containing roster cards for active employees, which have not been incorporated with the other active roster cards, which are filed by tenure area. In addition, there is a set of roster cards for retirees residing in a file cabinet in an area of HR, which has not been incorporated with the inactive roster cards filed in another area of HR.</li> <li>• The District implemented the McBee HR application during 1996. In an attempt to convert systems, the District began transferring information from roster cards to the McBee system; yet only employees with surnames beginning from A-F made it to the McBee system. Subsequently, in 2001 the District implemented the MUNIS system. No information from the roster cards or the McBee system made it into the MUNIS system. Clerks must use all three systems to get a complete working history of an employee. This, combined with the unorganized nature of the roster card system may lead to inaccurate reporting of an employee's work history.</li> <li>• Old retirement reports, W-2's, and payroll journals are currently stored in a room dubbed "the Dungeon" by employees. There is no lock on the door to the outer-room, and there is no door for the inner-room storing these reports.</li> </ul>	<p>We suggest that the District improve the overall organization and maintenance of all personnel related records.</p>	<p>The official roster cards are now maintained in the Civil Service department in an electronic format.</p>	<p>Corrective action implemented</p>	<p>N/A</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PP10-1	During our control testing of payroll, we noted an instance where a food service employee who was hired during 2009 was classified on an incorrect step level. Per the Food Service Unit contract "Salary increments, as prescribed for each of the salary steps, shall be granted effective on the anniversary date of appointment until the maximum salary level is reached." This employee was hired as a part-time worker in February of 2009 and was subsequently hired to a full-time position; when the employee's status changed, the Food Service Unit changed the employee to a step 2, which in accordance with the language in Article IV Section 1 of the union contract is not appropriate. The employee should be moved to Step 2 one year following their hire date.	We recommend that sufficient controls are set in the District's software to deny changes that are not consistent with each employee's applicable union contract. Additionally, all pay rate changes should be reviewed and approved before changes are processed.	The Human Resources Director of Personnel and Human Resources Supervising Accountant are the only two able to change pay rates. The Human Resources Director of Personnel calculates and initials pay rate changes. The Human Resources Supervising Accountant then reviews the change and enters it into MUNIS. The Human Resources Director signs the original request form and the Human Resources Supervising Accountant initials the final form, verifying the amount and change.	Corrective action implemented	N/A
PP10-3	During tests over the payroll cycle, we noted a payroll check was outstanding for several months. However, we were not able to trace this check to an outstanding check listing because payroll bank reconciliations were not yet available. At the time of fieldwork, we noted the District was several months behind in performing bank reconciliations. However, upon further review of subsequent reconciliations, the District was current with reconciliations.	We recommend that bank reconciliations be performed each month within a timely manner; usually within no more than a month upon receipt.	The District uses a positive pay system with the bank. The bank receives a list of all payroll checks that were distributed and the list is updated daily, showing which ones are still outstanding. Bank statements are reconciled every month.	Corrective action implemented	N/A
PP10-4	During our control testing of payroll, it was noted that total hours are frequently unreported on the employee statements of service. In some circumstances, a daily log is kept on the statements; however there is no confirmation as to the total number of days worked per week. Other common errors noted on statements of service were: pay rates not reported and time reported under the wrong pay codes, resulting in subsequent adjustments.	To avoid errors in payroll, we recommend that all statements of service be completed and submitted noting pay period, employee, pay rate, hours worked, and extra time (vacation, sick, etc.) used. Additionally, each statement should be reviewed and signed by the applicable principal.	This process will improve once the new automated payroll system is implemented.	Corrective action in process	Same as prior recommendation
PP10-5 PP11-1	Per review of employee overtime documentation at the service center, it was noted that overtime is recorded in total hours instead of a range of time in which the employee worked. For example, if an employee worked four hours of overtime, the timesheet should report 4:30 P.M. to 8:30 P.M. as opposed to four hours.	To mitigate the risk that overtime is abused, we recommend that employees report the range of time they work and total them at the end of the pay period.	The current statements of service do not allow the actual time worked to be entered. The employees have time cards that show the actual time worked and the supervisors enter the hours into the system. This process will improve once the automated payroll system is implemented.	Corrective action in process	Same as prior recommendation

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
<p><b>PP10-6</b> <b>PP11-2</b></p>	<p>Per review of the payroll documentation and Collective Bargaining Agreement Between The Board of Education of the City of Buffalo and AFSCME Local 264, AFL-CIO for Service Center Employees and Cook Managers, Section 4.3 (H) and (I): (H) Time and one-half (1 ½) the employee's regular hourly rate of pay shall be paid for work under any of the following conditions:</p> <p>(1) All work performed in excess of eight (8) hours in any workday.                      (2) All work performed in excess of forty (40) hours in any work week.                      (3) All work performed before or after any scheduled work shift.                      (4) All work performed on Saturday or Sunday for those employees who are on a Monday through Friday work schedule.</p> <p>(I) Whereby, all hours compensated shall be counted as hours worked for the purpose of computing overtime.</p> <p>Therefore, if an employee of this union takes four (4) compensatory hours in the morning, works four (4) hours of the regular shift and four (4) hours of overtime, then their compensatory time shall count as "hours worked," and they will receive four hours of overtime. The same holds true if they were to take compensatory time in the week and exceeded the forty-hour work week.</p>	<p>We recommend that the District review clause (I) for reasonableness and the potential for abuse of overtime.</p>	<p>The union contract was updated in July 2012. There is now a clause that states "Employees are not eligible to receive overtime if the employee utilizes more than 4 hours accrued sick leave or any unpaid time off during the same day overtime work is offered and performed".</p>	<p>Corrective action implemented</p>	<p>N/A</p>
<p><b>PP10-8</b></p>	<p>In accordance with Section 6170 of the Buffalo City School District Employee Policy Manual, certain employees of the District are required to fulfill the residency requirements set forth by the above documented section of this policy. The policy further states that, "compliance and random checks will be performed by the Human Resource Department consistent with Board regulations...this policy is amended and in effect June 26, 2002." We noted that other than obtaining proof of residency upon employment, which is not consistently maintained in personnel files, there is no follow up documentation to support that certain employees are fulfilling their obligation to reside within the City of Buffalo.</p>	<p>We recommend that the District enforce its residency requirement by maintaining residency documentation in employee files and also by performing routine checks of each employee's residency where applicable.</p>	<p>The Board of Education rescinded this requirement as of March 23, 2011 for teachers and union administrators.</p>	<p>Corrective action in process</p>	<p>Same as prior recommendation</p>
<p><b>PP10-10</b></p>	<p>Per Collective Bargaining Agreements, the District pays the unions a per capita rate for all employees eligible for supplemental benefits. Each union manages this money and provides "supplemental benefits" to its employees, such as dental and vision coverage. We noted that there is no confirmation to the District from either the union or the benefits provider that employees are receiving these supplemental benefits. Therefore, the District could potentially be expending funds with no benefit to any employee.</p>	<p>We recommend the District gain confirmation from the union or benefits provider as to whether the supplemental benefits are being provided.</p>	<p>An audit of invoices for one of the unions was performed. It was discovered that there were individuals receiving vision and dental benefits that were no longer eligible and individuals receiving dental benefits that were no longer eligible. Also, there were individuals that were eligible to receive vision benefits that were not on the invoices. It was also noted that the union was not offering COBRA insurance as required by law. The union has informed the Benefits Office that they have corrected the errors, but documentation of such has not yet been provided.</p>	<p>Corrective action in process</p>	<p>The District should continue to make efforts to obtain documentation from the unions to gain confidence that supplemental benefits are being provided only to the eligible recipients of those benefits.</p>
<p><b>PP10-11</b></p>	<p>During our testing of health insurance billings, we noted that the Benefits office does not consistently retain a copy of the approved (signed) purchase order for payment of health insurance billings. Therefore, the records within the Benefits office do not evidence proper controls surrounding the review, approval and sign off of health insurance payments.</p>	<p>We recommend that the Benefits office maintain documentation of the health insurance purchase orders with the signed approval on them.</p>	<p>The Supervising Accountant now files a signed copy of each purchase order in the Benefits Office.</p>	<p>Corrective action implemented</p>	<p>N/A</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PP10-12	During our control testing of benefits, it was noted that District employees are not required to reenroll into health insurance plans annually. By not requiring employees to re-enroll annually, the District may be overpaying for health insurance benefits to employees who may not be eligible for such benefits. For example, if an employee, who has family coverage, has children who reach adulthood and does not notify the District, then they will still be receiving family coverage unless they notify the Benefits Office.	We recommend that the District consider having all employees re-enroll each year to ensure appropriate coverage.	The District was able to negotiate with the PCTEA and AFSCME Local 264, AFL-CIO Unions to require re-enrollment every year. They have not been able to do this with the other unions but they do offer open enrollment to help expedite changes to insurance. Two years ago, the District had an outside company come in to verify all retiree's relationships and took off 225 people from the insurance plans. The District now requires employees to prove relationship statuses for all changes in benefits.	Corrective action in process	The District should require re-enrollment for all labor unions, if not already included in agreements.
PP10-13	As of the date of our fieldwork, we noted 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 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.	The employment process is now directed through Talent Management. Talent Management is in the process of developing a handbook to provide formal hiring procedures/policies. All applicants must complete an online job application. Talent Management is also in the process of piloting MUNIS - Applicant Tracking software to aid in the streamlining of the application and hiring process.	Corrective action in process	Same as prior recommendation
PP10-15	Based on inquiries with management, it was noted that there are ambiguities across departments regarding the treatment of vacation accruals.	We recommend that the District reviews the treatment of earned vacation times, in accordance with the applicable union contracts, and determines at which point vacation time is earned, how it is accounted for and additionally, how it is treated upon the retirement, termination or resignation of an employee.	All material issues have been clarified by the applicable union, only minor issues remain outstanding.	Corrective action implemented	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
PP11-3	<p>Currently, when employees are due to receive a pay increase or file paperwork for retirement, such a change is initiated through a payroll data change form. During our testing of retirement benefits paid and payroll changes, it was noted that there is no evidence payroll change forms are being reviewed or approved by an individual independent of the preparer. We recommend prior to payments or wage changes being executed, payroll change forms are reviewed and signed off by an individual independent of the form's preparer.</p> <p>Additionally, the Office of the New York State ("NYS") Comptroller recommends the use of a "universal" employment separation form. This form should include, at a minimum:</p> <ul style="list-style-type: none"> <li>• Itemized calculations of specific benefits to be paid out</li> <li>• Reference to all applicable contract provisions</li> <li>• Preparer and reviewer initials/date</li> </ul>	<p>We recommend that the District consider the use of a standard separation form that is reviewed and approved by an individual independent of the preparer.</p>	<p>The Human Resources Director of Personnel and Human Resources Supervising Accountant are the only two able to change pay rates. The Human Resources Director of Personnel calculates and initials pay rate changes. The Human Resources Supervising Accountant then reviews the change and enters it into MUNIS. The Human Resources Director signs the original request form and the Human Resources Supervising Accountant initials the final form verifying the amount and the change.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
PP11-5	<p>Currently, employees who are members of the Professional Clerical Technical Employees Association ("PCTEA") receive their earned vacation days each July. This is done through an automated posting to each of the employees' vacation accounts within MUNIS. However, it was noted that new employees are being credited for their annual vacation days twice within their first year and a half of employment. For example, in one instance, an employee was hired effective December 16, 2008. Since the employee had not worked an entire year as of July 1, 2009, MUNIS did not credit him with vacation days. The employee then received 25 days of vacation on December 14, 2009, his first anniversary date of employment. Seven months later, on July 2, 2010, MUNIS automatically credited him with an additional 25 days of vacation since he had been employed for a whole year within the system.</p>	<p>We recommend that the District re-examine and properly utilize the automated posting function within MUNIS, and, if necessary, have the payroll department review the vacation accrual activity within MUNIS for each PCTEA employee in July annually. This review will identify any overaccrual of vacation posted to each employee's account as a result of manual and automated postings.</p>	<p>MUNIS now takes into account previous time awarded, but this remains a risk for new hires. The District issued a memo to ensure calculations were being performed correctly. However, MUNIS requires a manual adjustment for the beginning of the period which has added an additional review.</p>	<p>Corrective action implemented</p>	<p>N/A</p>

\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\*



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



Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (R)	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
	<b>Revenue &amp; Accounts Receivable</b>				
<b>R09-1</b>	The District's review of compiled Basic Educational Data System ("BEDS") information and other enrollment information obtained from the student information system ("ESIS") prior to submission to NYS is not formally documented. The Finance Department Research Aide formerly completed an informal review of BEDS and enrollment data prior to submission to NYS; however, no evidence exists that this review was completed.	Given the departure of the Finance Department Research Aide, we recommend the District develop a standard top-level, review procedure by appropriate management personnel for enrollment and attendance data prior to submission to NYS annually. This review should be thorough, performed timely, and formally documented.	The District implemented an automated system, Infinite Campus, which allows current BEDS data to be reviewed at any point in time. BEDS data is submitted to the Office of Shared Accountability. As requested by the Office of Shared Accountability, the IT Department will create a snapshot of current BEDS data, which allows the Office to determine which data/forms may be missing. All school administrators are required to sign-off on enrollment and attendance data to certify its accuracy prior to it being submitted to NYS.	Corrective action implemented	N/A
<b>R10-1</b> <b>R11-1</b>	The District does not maintain a master database of all departments and personnel required to complete the annual Basic Educational Data System ("BEDS") forms. The Director of Evaluation and Assessment along with his staff oversaw the BEDS data process for the 2010-2011 school year. They were responsible for sending the BEDS forms to all departments and personnel required to complete the forms, and also submitting the completed information to NYS. Since there is no master database, there is no way of determining if all forms have been completed by all required parties.	We recommend the District create a master database that lists all District departments and personnel required to complete BEDS forms. This will allow more accurate data being submitted to NYS.	The District implemented a new Student Information System, Infinite Campus (IC), which went live on July 1, 2012. The IT Department implemented a new Data Warehouse, which pulls BEDS data from Infinite Campus and provides views of the data to end users.	Corrective action implemented	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
<p><b>R09-2</b> <b>R10-2</b> <b>R11-2</b></p>	<p>The District does not have formal procedures in place to provide a review of various student enrollment data as maintained in/obtained from various independent data sources to ensure accuracy of and identify outliers in such data.</p>	<p>A formal policy should be developed, documented, and implemented to provide a review of student information as maintained in/obtained from various independent data sources by appropriate District management personnel. The policy and requirements should review school data extracted from eSIS, monthly attendance reports and rosters, BEDS data compiled by individual schools, special education department records, MUNIS, etc, to determine any significant differences in data as provided by various sources.</p> <p>We recommend the District implement a standard review procedure for enrollment and attendance data maintained in/obtained from various independent data sources. Follow-up on discrepancies from school Principals on a timely basis is required to provide accountability where discrepancies arise. The District should document evidence of such timely follow-up and resolution.</p>	<p>The IT Department has implemented a new Data Warehouse, which pulls data from Infinite Campus and provides views of the data to end users via a Dashboard. Enrollment and Attendance data have been shared with key district stakeholders as well as owners (middle management) of this data. Discrepancies have been communicated to senior staff officials and middle management that have the authority to require resolution of data issues at the school or central registration levels.</p>	<p>Corrective action not implemented</p>	<p>System procedures are in place but the District has not implemented a standardized procedure. We recommended that the District formally document this process.</p>
<p><b>R09-3</b></p>	<p>During our testing of the accuracy of the reporting of students' attendance information on the day(s) of our site visits (i.e. one day tested for each student), we did note errors made by school clerks inputting the information into eSIS. Of the ten students selected for testing at each of the 15 schools visited (total of 150 students), we noted two errors in eSIS data entered, as compared to hard copy sign-in sheets, notes, and attendance records. We noted the following errors during our testing:</p> <ul style="list-style-type: none"> <li>• A student was recorded as "present" in eSIS, but marked with an "unexcused absence" on the manual attendance roster; and</li> <li>• A student was recorded as "present" in eSIS, but marked with an "excused tardy" on the manual attendance roster, which included a copy of the student's note to explain his tardiness.</li> </ul> <p>As attendance tracking impacts enrollment figures, which in turn drives NYS Aid, maintaining accurate enrollment and attendance data is imperative to the District.</p>	<p>We recommend the District implement a real-time attendance policy where teachers enter attendance information directly into the eSIS software at all schools. Currently, real-time attendance is only taken at three of the 67 District schools. Furthermore, a policy must be implemented to ensure a better review process of data entry.</p>	<p>The District has deemed that it is not feasible to implement a real-time attendance system, as it would require all teachers to have computer access in each classroom each period of the day. The District has reiterated its current policies on attendance to rely on homeroom teachers as well as school clerks.</p>	<p>Risk determined to be acceptable</p>	<p>Same as prior recommendation</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	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>The District uses a P2000 system for staff, which allows for access to certain doors within buildings and tracking of that access. The District has not provided these cards to students and they have no use for tracking attendance.</p>	<p>Corrective action not implemented</p>	<p>The District has provided general access cards to staff. Considering the importance of accurate attendance figures in relation to grant monies received, the District should continue to evaluate the possibility of providing ID cards to all students and staff for the purposes of accurately tracking attendance.</p>
<p><b>R09-5</b></p>	<p>Of the 25 daily cash deposit reports ("CDR") selected for testing, five did not contain complete evidence of review and approval. As per District policy, appropriate accounting management personnel must initial and date each CDR as evidence of proper review and approval prior to processing the receipt in the MUNIS system. Throughout our testing, we noted the following:</p> <ul style="list-style-type: none"> <li>• Two CDRs did not contain initials from the appropriate level of management or the date of review; and</li> <li>• Three CDRs did not contain the date of management's review.</li> </ul>	<p>Recommended that the District enforce its current policy, requiring appropriate accounting management personnel to initial and date each cash deposit report as evidence of proper review and approval prior to processing the receipt in the MUNIS system.</p>	<p>The District has enforced its policy and requires that all revenues must be approved by either the Deputy CFO or Supervising Accountant before they are recorded in MUNIS.</p>	<p>Corrective action implemented</p>	<p>N/A</p>

\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\*

# **Workers' Compensation (WC)**





Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
(WC)	<b>Workers' Compensation</b>				
WC12-1	We noted that 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 discuss the current practice of paying full wages as part of workers' compensation benefits with the respective bargaining unit officials, and explore opportunities for revisions to this practice to achieve future cost savings.	The District has attempted to include such provisions in contracts, however, there is a strong resistance from the unions.	Corrective action not implemented	We recommend that the District include this corrective action as part of the Executive Director of Labor Relation's open item list.
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.	The District is having an external firm perform an evaluation and RFP for stop-loss. The costs are expected to greatly exceed the benefits, as the District does not encounter many extreme claims. If the evaluation proves to be cost effective, the District will apply for stop-loss coverage.	Corrective action in process	The District is evaluating the cost effectiveness. The District should strongly consider purchasing stop-loss coverage, as one extraordinary claim against the District may prove to be very costly without stop-loss coverage.
WC12-3	The District currently has various, annual safety training programs and initiatives for skilled tradesmen, laborers, custodial engineers, custodians, and physical education personnel. However, there is currently no safety training, including office safety guidelines or workplace violence programs being offered to instructional and office employees.	In light of the number of injuries to teachers, teacher aides and administrators as a result of breaking up student fights or 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.	The District has presented this issue to Human Resources, but no such programs have been in put in place. The District has found it difficult to implement such programs considering they are on such a tight budget.	Corrective action not implemented	We recommend that the District reevaluate their budget in order to incorporate such programs. There is a potential cost savings in the long-run if employees are properly trained.
WC12-4	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 District's Benefits Office, the procedure of notifying prior employer(s) was not being followed as of this risk assessment.	We recommend that the District comply with the above listed notice requirements for applicable new employees in order to limit the District's liability related to potential employee hearing loss claims.	The District is working on improving this process. The Benefits Office is trying to coordinate with Human Resources in order to improve this process.	Corrective action in process	We recommend that the District implement formalized procedures in order to comply with New York State Workers' Compensation law.
WC12-5	The District's Benefits Office and a committee of District officials have begun an effort to have injured employees return to work in a light duty capacity in the event that their injury restricts them from returning to their normal job duties. As part of this process, employees are required to notify their supervisors and the Benefits Office when they have received a medical release to return to work and if any restrictions have been identified by the physician. This procedure is not always followed by the employee or may take place after the employee has already returned to work.	We recommend that the District's Benefits Office continues to actively monitor the status of injured employees to identify instances where an employee can return to work. In addition, the workers' compensation guidelines available on the District's website should be enhanced to include specific instructions regarding an injured employee's return to work to avoid misunderstandings and reduce the risk of further injury upon the employee's return to work.	The District has refined these procedures. There are new forms online that give a clear step-by-step action plan for an individual when they are injured. The District has properly communicated and created forms to advocate the proper practice for an employee to report claims and return to work with proper documentation. However, there remains an inherent issue between the District and union/employee where an individual may believe they are unable to return to work and the District believes otherwise.	Corrective action in process	The District has provided and communicated the proper process for employees to submit documentation when they are able to return to work.

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
WC12-6	The District's procedures for addressing workplace accidents or incidents as they occur have been established and are available on the District's website and in District building offices. However, efforts to address issues such as noncompliance with procedures or preventive measures are currently being handled exclusively by the Benefits Office.	We recommend that the Benefits Office be given an opportunity to present current known issues related to the workers' compensation process at the school-wide administrators meeting held before each school year. This would be a proper forum to communicate to the appropriate stakeholders any problem areas, review the established procedures, and offer suggestions for improvement.	The Benefits Office was not able to directly meet with the school-wide administrators. However, the Deputy Director of Human Resources was able to give a presentation which partially covered Workers' Compensation issues.	Corrective action not implemented	The District should provide the Benefits Office with the opportunity to present Workers' Compensation issues at the school-wide administrators' meeting. The Benefits Office has specific expertise in such issues that may have a significant financial impact on the District.
WC12-7	The District's Benefits Office currently includes a full-time Workers' Compensation Analyst who is the main contact person for questions on workers' compensation procedures and law, and is the primary liaison with the District's third party administrator for workers' compensation claims (POMCO Group, or "POMCO"). A Personnel Assistant has been trained to assist in administrative duties for tracking accidents reported to the Benefits Office and creating purchase requisitions for medical bill payments. Other Benefits Office employees are in the process of being cross-trained to handle these duties as well.	In order to have a contingency plan in place for its staff, we recommend that Benefits Office staff be cross-trained on the various duties of the Workers' Compensation Analyst.	All staff in the Benefits Office are now cross-trained. Each employee has a backup employee that is able to carry on the duties if there is an extended absence needed.	Corrective action implemented	N/A
WC12-8	Most medical bills associated with District employee workers' compensation claims are being reviewed and paid by POMCO pursuant to a written agreement between the District and POMCO. Other payments processed by POMCO relate to indemnity, legal and other costs pertaining to claims, as well as contractual fees for medical bill audits. The District's Benefits Office receives a check register twice a week from POMCO detailing the payments made by POMCO on the District's behalf, as well as other reports on a monthly basis. However, there are currently no procedures in place to periodically audit the payments made by POMCO or to verify that the fees being paid are in compliance with the District's agreement with POMCO.	We recommend that the Benefits Office develop procedures to spot check the POMCO check register transactions to verify that payments pertain to District employees and that fees are being charged in compliance with the agreement with POMCO. Additionally, we recommend the District obtain the necessary reports from POMCO to facilitate such audit procedures.	The Benefits Office has implemented a detailed internal audit process for POMCO claims. The Benefits Supervising Accountant is in charge of performing monthly spot checks for the POMCO check register. No additional fee payments can be issued to POMCO without the approval of the Benefits Supervising Accountant. The Benefits Supervising Accountant has access to POMCO's accounting system which indicates the type of claims and reasoning for any charges. After the charges are deemed reasonable and confirmation is sent from the Benefits Office, POMCO may withdraw the money.	Corrective action implemented	N/A
WC12-9	<p>In accordance with the District's agreement with POMCO, POMCO charges a flat fee for each medical bill it reviews for payment. Bills for medical services related to workers' compensation claims may be reduced based on rates set within the New York Workers' Compensation Medical Fee Schedule ("Fee Schedule"). Additional contractual fees may be charged based on the identification of additional savings by POMCO.</p> <p>During our review of 40 POMCO check register transactions, we noted two instances in which medical bills submitted for a claimant from a preferred network provider were ineligible for payment. The flat fee for medical bill review was charged in each instance. However, an additional 25% and 35% preferred provider network fee, respectively, was charged on the entire disallowed bill amount.</p>	We recommend the District discuss such fee arrangements with POMCO and possibly ascertain whether the fee charged for reviewing such medical bills should be limited to the contractual flat fee.	The District performed a review of such fees charge and discovered that they were not in compliance with the contract agreement with POMCO. The District was reimbursed for such amounts. The District believes that they can raise the flat fee and eliminate other add-on fees, which should prove more cost effective and easier to track/audit. The District's newly implemented audit process in regards to POMCO claims is able to track the reasonableness of assessed fees. The District is exploring other fee arrangements through the RFP process. The RFP has been issued and it will be evaluated when the respondents submit their proposals.	Corrective action in process	Same as prior recommendation

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	District Corrective Actions taken through December 2013	Current Status	Current Recommendation
<b>WC12-10</b>	<p>The District's Benefits Office reviews medical bills for workers' compensation claims if cumulative medical bills have not yet reached \$600. We noted that the hard copy Fee Schedule utilized by the District is an outdated version from July 1, 2008.</p> <p>During our review of twenty-five medical bill payment transactions processed by the District, we noted one overpayment based on an incorrect rate used from the Fee Schedule and one medical bill was paid which included services that appeared to be unrelated to the claimant's reported injury.</p>	<p>We recommend that the District's Benefits Office consider purchasing Fee Schedule software which will provide access to the most updated rates, reduce the number of payment errors and increase efficiency in the bill payment process. This software should also provide access to diagnosis codes commonly used by doctors to help the Benefits Office assess the propriety of the medical services being billed.</p>	<p>The District has acquired access to the software on a trial basis but due to the complexity of the WC fee schedule, it is not a feasible solution. These low dollar claims are minimal in comparison to the entire pool of claims. The Supervising Accountant has spot checked fee schedule payments and they have been error free.</p>	<p>Risk determined to be acceptable</p>	<p>N/A</p>
<b>WC12-11</b>	<p>For claims in which the employee will be receiving workers' compensation benefits, the Workers' Compensation Analyst manually compiles salary data on the employee to provide to POMCO. POMCO then calculates the average weekly wage to be sent to the WC Board. This figure impacts any future settlements and, unless the employee receives full wages in accordance with their collective bargaining agreement, this calculation determines the wages the employee receives while not working.</p>	<p>We recommend that the Benefits Manager or another District official review the salary data compiled by the Workers' Compensation Analyst before it is sent to POMCO.</p>	<p>The District implemented a new automated process that compiles salary information electronically on a C-240 form. The C-240's are initially compiled by the Workers' Compensation Analyst. The Associate Account Clerk then reviews the math for accuracy followed by a final review and approval by the Benefits Manager.</p>	<p>Corrective action implemented</p>	<p>N/A</p>
<b>WC12-12</b>	<p>The Workers' Compensation Analyst notifies the District's payroll department when an employee will be on leave from work due to a workers' compensation claim. The status of the employee is then updated in the District's payroll system by the payroll department. All lost time claims for employees who receive full wages as part of their workers' compensation benefits are currently being manually tracked by the Workers' Compensation Analyst.</p>	<p>We recommend that the District consider automating the process of tracking lost time claims within the payroll system in order to replace or enhance the current manual process.</p>	<p>The District is in the process of implementing an automated process to track lost time claims. This is expected to be a long process.</p>	<p>Corrective action in process</p>	<p>Same as prior recommendation</p>

\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\*