

BUFFALO CITY SCHOOL DISTRICT

*Risk Assessment–Follow-up on
Findings and Recommendations for the Years
Ended June 30, 2009, 2010, 2011, 2012 and 2013*

BUFFALO CITY SCHOOL DISTRICT
Risk Assessment–Follow-up on Findings and Recommendations
for the Years Ended June 30, 2009, 2010, 2011, 2012 and 2013
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Certified Public Accountants

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

We are pleased to communicate the follow-up on our risk assessments of the Buffalo City School District (the "District") for the years ended June 30, 2009, 2010, 2011, 2012 and 2013. 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

February 19, 2015

**Risk Assessment -
Follow-up for the Years
Ended June 30, 2009, 2010, 2011, 2012 and 2013**

BUFFALO CITY SCHOOL DISTRICT
Risk Assessment – Follow-up on Findings and Recommendations
For the Years Ended June 30, 2009, 2010, 2011, 2012 and 2013

Overview

The District’s risks are the risks that an action or event will adversely affect the District’s ability to successfully achieve its objectives. During our engagement we became aware of various sources of risk that impact the District.

We performed follow-up procedures to ascertain the corrective actions taken by the District to reduce the risks that were previously identified in risk assessment reports for the years ended June 30, 2009, 2010, 2011, 2012 and 2013.

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.

We have provided the original criticality rating and a recommended implementation timeline for each internal control recommendation and business opportunity. Criticality ratings considered were urgent, important, and routine. The implementation timelines considered were short-term and long-term, reflecting the effort and time required to implement the applicable recommendation while factoring in the criticality assigned thereto.

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

Internal Control Cycle or Area	Number of Recommend- ations	Criticality			Timeline	
		Urgent	Important	Routine	Short- Term	Long- Term
Adult Education (AE)	6	1	2	3	5	1
Athletics (A)	3	-	1	2	3	-
Extraclassroom Activity (E)	1	-	1	-	1	-
Food Service (FS)	1	-	-	1	1	-
Grants (G)	1	-	1	-	1	-
Health Insurance (HI)	4	-	2	2	3	1
Information Technology (IT)	15	3	5	7	13	2
Payroll and Personnel (PP)	12	1	5	6	8	4
Purchasing, Accounts Payable and Disbursements (PA, PC)	8	1	5	2	4	4
Revenue and Accounts Receivable (R)	3	-	3	-	-	3
Workers' Compensation (WC)	9	3	6	-	6	3
Total recommendations	63	9	31	23	45	18

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

BUFFALO CITY SCHOOL DISTRICT
Risk Assessment – Follow-up on Findings and Recommendations
For the Years Ended June 30, 2009, 2010, 2011, 2012 and 2013

Internal Control Cycle or Area	Number of Recommend- ations	Corrective Actions Implemented	Corrective Actions In Process	Risks Determined Acceptable	Corrective Actions Not Taken
Adult Education (AE)	6	4	-	-	2
Athletics (A)	3	1	1	-	1
Extraclassroom Activity (E)	1	-	-	1	-
Food Service (FS)	1	-	-	1	-
Grants (G)	1	-	1	-	-
Health Insurance (HI)	4	1	3	-	-
Information Technology (IT)	15	1	13	-	1
Payroll and Personnel (PP)	12	1	9	2	-
Purchasing, Accounts Payable and Disbursements (PA, PC)	8	4	3	-	1
Revenue and Accounts Receivable (R)	3	-	2	-	1
Workers' Compensation (WC)	9	1	5	1	2
Total recommendations	<u>63</u>	<u>13</u>	<u>37</u>	<u>5</u>	<u>8</u>

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

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

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

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

**Appendix A -
Matrix of Findings, Recommendations and Implementation
For the Years Ended June 30, 2009, 2010, 2011, 2012 and 2013**

Adult Education (AE)

Appendix A - Matrix of Findings, Recommendations and Implementation

Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(AE)	Adult Education					
AE13-1	Currently, the District utilizes separate time sheets for each grant. If an employee works on more than one grant, he or she is required to fill out more than one time sheet to ensure that time worked is appropriately expensed to the proper expenditure line.	We recommend the Adult Learning Center consider the use of time distribution sheets, which would include all time worked per employee but would separate hours worked on each grant. This would consolidate the Adult Learning Center's timekeeping process, making it more efficient, and reduce the risk of errors while staying in compliance with all grant requirements.	Important - Short Term	While the suggestion for this change to "Time Distribution Sheets" was discussed and suggested to Central Office, the current policy remains in place. The Adult Education Division (AED) must continue to use the District time and effort sheets as directed.	Corrective action not implemented	Same as prior year recommendation
AE13-2	The Adult Learning Center has revenue streams from several different sources, including service agreements, grants, partnerships, and student tuition payments. Revenue streams flow through both the District's General and Special Aid Funds; therefore it is difficult to view the total picture of Adult Learning Center activity. A profit/loss summary would increase accountability to the District and provide useful information about the functions of the Adult Learning Center.	We recommend that the Adult Learning Center submit profit/loss statements on a quarterly basis to the District Finance and Accounting Office and the Board of Education. This would increase accountability to the District, as several aspects of the Adult Learning Center's operations are similar to a private entity. Additionally, it may help the Adult Learning Center to identify areas where cost control is needed or further opportunities to maximize profits. Currently, no formal written analysis is prepared summarizing the total results of operations for each quarter or highlighting any significant fluctuations from expectations. For many individuals, a narrative-type financial presentation can be most effective in evaluating the true financial picture. A standard outline and /or presentation should be considered to ensure consistent and proper content.	Routine - Long Term	Under the supervision of the Buffalo Public Schools Central Office, the AED has been directed to create a monthly expense and cost spreadsheet for all grants and funds within the division. This spreadsheet details every budgetary line item in each fund. It takes into account the budget for each individual line item and the percentage forecasted to be spent on a month basis over the course of the fiscal year. The database is monitored on weekly basis by Central Office's Special Projects Department to make sure AED's projected budget expenditures are in line with the monthly projected totals. If there is a significant deviation from the projected expenditure limit during any one month than an explanation is required to justify the exceeded amount prior to future expenditures are approved. Additionally, monthly equivalents of a P&L statement are available by division within the Districts MUNIS database.	Corrective action implemented	N/A
AE13-3	The Adult Learning Center awards incentives to students for attendance in the Start-and-Stay Program. Currently, the Adult Learning Center does not have a written policy or procedures for awarding incentives to students enrolled in Adult Learning Center classes.	We recommend the District develop and implement a policy or procedures regarding incentives awarded to students, such as creating a limit on the amount that can be awarded to each individual student. This would ensure that no excessive incentives are given and would increase the District's controls over the distribution of these incentives.	Important - Short Term	A policy and procedure guideline has been created to properly detail and track the distribution of the incentives and awards that are disbursed through the program. A database has also been created to document the recipient's name, outcome achieved, award received, date received and item identification number (if applicable) to make sure no excessive incentives are given. Reviewed the "Start and Stay Award Incentive Tracking Request Form." This recommendation appears to be implemented correctly.	Corrective action implemented	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(AE)	Adult Education					
AE 13-4	<p>Receipts and Deposits: While gaining an understanding of the tuition receipt process, we noted that individual receipts could not be traced to the bank deposit slip. We found that currently, when payments are received at the main Adult Learning Center location, only the amounts to be deposited are recorded on the bank deposit slips. No other identifying information is recorded on the deposit slip, such as the receipt or check number. Since many class fees are the same, deposit slips often have many entries with similar amounts listed on a deposit slip with no way of tracing that amount to its source. The current process increases risk to the District, as there is no way to ensure completeness or timely deposits.</p> <p>Reconciliations: When payment is received for a class, a two-stub pre-numbered receipt is issued. One stub is given to the applicant, while the other stub is attached to the registration form kept by the District. A spreadsheet is maintained by the Adult Learning Center with the details of the payment. The clerks at other Adult Learning Center locations prepare a daily cash report, which lists the number of receipts each day and the total amount of cash taken in. However, this report is not reviewed or reconciled to the bank deposit by an independent party.</p>	<p>Receipts and Deposits: We recommend that receipt numbers be recorded with the amounts when preparing the bank deposit slip to ensure that all funds received are deposited. Additionally, we recommend that a daily listing of all receipts received be maintained at all Adult Learning Center locations and reconciled to the deposit slip by an independent party.</p> <p>Reconciliations: We recommend that an employee independent of cash processing compare the daily cash reports to the bank deposit or the bank statement. This would ensure that all checks received are deposited in the Adult Learning Center's bank account in a timely manner.</p>	Urgent - Short Term	A review was conducted by the Office of the Comptroller (OOC) and a formal Policy and Procedure was created with the OOC's assistance. Additionally, the Adult Education Division has stopped accepting cash payments. All payments must be made by check, money order, or credit card thereby limiting the exposure of the department. With no cash on hand the department no longer felt that an independent party's signature was required as long as the protocol detailed in the OOC's Policy and Procedure was followed.	Corrective action implemented for deposits. Risk determined to be acceptable for receipts.	Same as prior year recommendation for receipts.
AE 13-5	During our testing of the tuition receipt process, we noted that course attendance forms lacked specific information such as the course name, course instructor, site and date. While attendance forms were noted as signed off, we were unable to determine whether the proper fee was charged and collected.	We recommend that student sign-in sheets are filled out with all relevant information and signed.	Routine - Short Term	The AED has created and implemented a sign-in sheet which details the student's information as suggested. This sign-in sheet accompanies the tuition receipt, as well as the student's information and payments, which are tracked. There is both a hand written sign-in filled out by the students with their names and information which is logged into a database to track payments.	Corrective action implemented	N/A
AE 13-6	During our review of the tuition receipt process, we noted there was an incomplete receipt for a textbook. Receipt #5814 included the name of the student who made the payment but it lacked the all other information including: school, address, city & zip, telephone, subject, date, title and textbook fee paid.	We recommend that all relevant information be recorded on receipts to ensure records are complete.	Routine - Short Term	No corrective action has been taken at this time.	Corrective action not implemented	Same as prior year recommendation

Athletics (A)

Appendix A - Matrix of Findings, Recommendations and Implementation

Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(A)	Athletics					
A09-2 A10-2	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.	Routine - Short Term	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 during 2013, neither school had implemented the standard forms, and one stated that they were not aware of the forms. No changes to corrective actions noted during 2014.	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.
A09-3 A10-3	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 \$2 at the gate and students/children are charged \$1. 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.	Important - Short Term	Having two different ticket rolls is no longer necessary because all of the tickets are the same price. The District now charges \$2 for everyone ages 5 and up. Admission is free for everyone under the age of 5.	Corrective action implemented	N/A
A09-6 A09-7 A10-5 A10-6	District policy requires the use of pre-numbered tickets for admission to athletic events, held at individual school locations. At two school locations visited, we noted faculty collected cash from the sale of tickets to boys' basketball games and remitted the funds to the Main Office Clerk after the event; however, a reconciliation of cash collected versus tickets sold was not completed at the end of each event. In order to properly monitor ticket sales and secure cash at these events, we recommend that a reconciliation of pre-numbered tickets sold to cash collected be performed for all events where pre-numbered tickets are sold. At several other schools, we noted proceeds from ticket sales to boys' basketball games were not communicated to the District at all, but rather controlled by each individual school location. Also, 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.	Reconciliations should be prepared for all sporting events where pre-numbered tickets are sold and remitted to appropriate District personnel for review. Also, pre-numbered tickets not sold are to be returned to the District Director of Athletics, noting that no cash was ever collected, and reconciliations should accompany to account for any tickets sold or given away to students by school principals or administrators, when applicable.	Routine - Short Term	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.	Corrective action in process	We recommend that a District-wide policy be created for all schools to follow for athletic events. The policy should cover what types of games have admission prices, what those prices are and ticket collection procedures. This policy should require use of pre-numbered tickets and tickets of different color per different priced tickets. All unsold tickets should be returned to the Athletic Director or athletic representative for that particular school.

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Extraclassroom Activity (E)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(E)	Extraclassroom Activity					
E09-3	The Central Treasurer of the extraclassroom fund is not bonded. Additionally, during our school site visits, we noted that neither cash nor extraclassroom funds are collateralized.	It is recommended that the Central Treasurer be bonded in an amount consistent with the amount of cash that is handled.	Important - Short Term	The District analyzed bonding the Central Treasurer and determined it not to be cost effective. Extraclassroom funds are below the FDIC insured limit amount and do not require collateral.	Risk determined to be acceptable	N/A

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Food Service (FS)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number (FS)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
FS09-4	<p>Food Service</p> <p>At one of the fifteen District school locations visited, we noted that the Food Service Supervisor was not depositing cash from lunch sales on a daily basis. At the end of each school day, the supervisor would lock excess cash from the cash registers and lockbox in the freezer and would deposit the money every Friday. Overall, the amount of cash from lunch sales that would be stored in the freezer for the week amounted to approximately \$200.</p>	<p>We recommend the Food Service Supervisor deposit cash from lunch sales daily to adequately safeguard cash.</p>	<p>Routine - Short Term</p>	<p>There has not been a change in corrective action. The safe the money was previously put in was located in the principal's office of each school. When money was to be given to the appropriate parties, this breached the segregation of duties because the principal's safe should have limited access. As safe's are costly, and since the monies utilized by the teacher's are infrequent, it was not cost effective to follow our recommendation. These funds are still locked in the freezer since the freezer has limited access to the head cook for each school, and the cashier whom deposits the money, and is properly safeguarded with a lock. Once the monies reach fifty dollars, the Cafeteria Manager for each school then deposits this to the bank. If there was a conflict, the individuals whom may be responsible are easily identifiable.</p>	<p>Risk determined to be acceptable</p>	<p>N/A</p>

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Grants (G)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(G)	Grants					
G11-7	We did review the District's written Code of Ethics, specifically related to conflicts-of-interest. However, it was determined that the District does not require District officers and employees to sign a statement that they have read, understand, and will adhere to the Code of Ethics. We also noted that the District does not provide periodic ethics training to all District employees.	We recommend that all District officers and employees be required to sign a statement acknowledging that they have read, understand, and will adhere to the District's Code of Ethics. We also recommend the District provide annual ethics training to all District employees.	Important - Short Term	Ethics training was provided for employees in 2012 and at year end in 2013. This policy was most recently amended in June 2013. Signed statements are required and the District Legal office is working out the logistics of this annual signed certification. The policy has been implemented, but there are still open issues related to annual certifications.	Corrective action in process	N/A

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Health Insurance (HI)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(HI)	Health Insurance					
HI13-1	Dependent verification can ensure that the District is not providing health insurance to dependents of employees who are not eligible and do not meet the District's requirements. The District performed a dependent verification for the 2011-2012 fiscal year and discovered instances where health insurance was being provided for dependents that were not eligible.	We recommend that the District standardize and formalize this dependent verification process to be performed on a periodic basis. This would help to mitigate the risk that the District is providing health insurance to ineligible persons.	Important - Long term	The District has adopted provisions in three of their Collective Bargaining Agreements which allows the District to require new applications and supporting documentation from employees. Re-enrollment was conducted with the three unions and their records were found to be 100% correct. The District plans to continue steps to implement this change with all CBA's.	Corrective action in process	Same as prior year recommendation
HI13-2	All employee benefit files should maintain an up-to-date application for health insurance and a copy of the Board approval for hire date and position. During our walkthrough procedures, it was noted that some employee benefit files are lacking documentation that are considered to be protocol within the District. This is often the case in instances where the employee was hired before procedures were implemented to include said documentation. Creating a checklist of required documentation would ensure that all employee files in the Benefits Office are complete.	We recommend that the District Benefits Office create a standard checklist of required documentation for active employees to ensure that each employee file is complete.	Routine - Short Term	A standard checklist is now utilized.	Corrective action implemented	Same as prior year recommendation
HI13-3	New federal health care regulations obligate the District to make certain information available to current employees and retirees. The District's current process requires the Benefits Office to send these packets of information through the mail. Additionally, all applications for health insurance are done manually on paper, as there is no option to fill these forms out online. These mailings incur a substantial cost to the District, as there are a large number of employees.	We recommend the District consider making health insurance applications available online. Additionally, the District should make required information regarding the new health care regulations available to employees online, satisfying the availability requirement and eliminating the substantial time and cost of printing and mailing.	Important - Short Term	The 32 page document for health insurance does not have to be mailed if employees can access it on-line. If requested, the District will mail the document. Progress on development of an online application is ongoing.	Corrective action in process	Same as prior year recommendation
HI13-4	The District uses paper forms during open enrollment, and sends required information updates to all retirees through the mail. Additionally, the District's IT department supports a retiree database used to manage information for all District retirees. This database tracks the name, address, retirement date, birth date, group number, marital status, retiree contributions, dependents, and Medicare information. This database has not been overhauled in over ten years. Not all retirees have provided an email address, creating a need for printing and mailings, some of which can be substantial, considering the upcoming Federal Health Law regulations and requirements. Currently, the Benefits Office does not have the ability to create many of the reports it needs for daily use. In many instances, a request must be made from the IT Department.	We recommend that the District consider overhauling the retiree database, which would allow the Benefits Office access to more reports without having to request them from the IT Department. Additionally, we suggest that the District encourage retirees to provide an email address. This would allow the District to provide information required by the Federal government through email, substantially reducing printing and mailing costs.	Routine - Short Term	The retiree database was reconfigured to accommodate a BlueCross/BlueShield change in group numbers, effective 1/1/15. The District has implemented procedures in which most reports are received from BC/BS. The new retiree database has not yet been completed.	Corrective action in process	Same as prior year recommendation

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Information Technology (IT)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(IT)	Information Technology					
IT09-1 IT10-1 IT11-3	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.	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.	Important - Short Term	The District is expanding its implementation of School Interoperability Framework (SIF) to utilize the MUNIS H/R module to provision, modify and delete active directory accounts. This will ensure timely deactivations when staff separate from the district, proper fileserver share permissions when staff change departments. A February 2015 completion date is anticipated for this enhancement.	Corrective action not implemented	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.
IT11-1	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.	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.	Urgent - Short Term	The Information Technology Department worked with the H/R department, local union bargaining unit (PCTEA) and Buffalo Municipal Civil Service Commission to create, and adopt a new Job Specification for a Security Administrator position. The position was posted, and advertised in the local paper, with no success due to salary compensation that was not commensurate with expectations for a Certified Security Professional (CISSP). The Information Technology Department will re-submit its request for the position with a higher salary grade during its next budget cycle beginning in February 2015. The Information Technology Department's Network Engineer has provided some limited in-service training to Central Office staff on importance of saving documents to network shares, locking their computers when away from their desk, and the importance of routinely changing their passwords that is now enforced through password obsolesce.	Corrective action in process	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.

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
	Information Technology					
IT11-2	A comprehensive written IS policy for the District does not exist or was not available for review. The District maintains certain documents typically associated with an IS security plan such as a written Disaster Recovery Plan, and an Acceptable Use Policy. However, no written IS security policy exists which 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>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>	Urgent - Long Term	<p>The district has built two state of the art, high availability, and redundant data centers for Virtual Desktop Infrastructure (VDI) and to house its enterprise server applications. The data centers are protected internally by the District's Johnson Controls security system that includes security access controls and cameras. In addition, outside security monitoring service is used. The data center were built at locations that offered dual power grids for resiliency, and have backup natural gas generators, UPS backup, and redundant cooling capacity. The data centers are designed to be redundant to failover to the surviving data center should one center go down. The District is rolling out VDI to schools in waves and has a document showing how VDI failover works between data centers. The process is to be complete by the end of 2015. The District has also begun to move its enterprise servers out of City Hall to the data centers. In some instances the enterprise systems need to be re-engineered to permit survivability across data centers. The District is working on designing and documenting a complete business continuity plan, there are still a chain of events that need to occur, these steps include, moving enterprise servers out of City Hall, implementing SIF for staff, migrating data storage, and setting up Site Recovery Manager, to automate the failover process and complete the District's continuity plan. These steps are projected to be completed by June 2015.</p> <p>After enterprise systems are migrated to the data centers, systems will be individually evaluated, and tested (internally, and in some instance with outside DR services) for disaster recovery and business continuity.</p>	Corrective action in process	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
	Information Technology					
IT13-1	No written disaster recovery plan exists relating specifically to internal District procedures. The District does utilize the disaster recovery plan of the Western New York Regional Information Center (Erie 1 BOCES). However, this plan does not explain the roles and responsibilities of District employees in the case of an emergency. Best practices surrounding Information Technology ("IT") and business management dictate a disaster recovery /business continuity plan in writing.	We recommend the District prepare a formal written disaster recovery /business continuity plan that addresses the following areas: scope and capability of the plan; description of the key roles and responsibilities of employees; summary of the critical services, along with the recovery objectives and priorities; third-party contact details; and detailed recovery activities and sequence of events. Once this plan is written, it should be tested on a periodic basis.	Urgent - Short Term	The District's Data Center architect and systems engineers are writing disaster recovery and business continuity plans as services are transitioned to the new data centers. They have documented Virtual Desktop disaster recovery and business continuity plan, and are in the process of writing similar plans for enterprise systems as they are transitioned to the data center over the next few months. Disaster recovery and business continuity for all systems is projected to be completed by June 2015.	Corrective action in process	Same as prior year recommendation
IT13-2	The District does not have a comprehensive IT security plan. There is no written document that explains all policies and procedures of the District's IT environment. A comprehensive IT security plan provides an examination of the threats facing the District and the ways the District will deal with these threats. It also contains all IT-related policies and procedures that should be conveyed to all users within an organization. We recommend the District publish a comprehensive IT security plan and make it available to all appropriate IT users.	We recommend the District publish a comprehensive IT security plan and make it available to all appropriate IT users.	Important - Short Term	Progress has been delayed due to turn over of the network engineer. The position remained vacant for nearly 7 months. The District will repost for a security professional with higher salary grade next budget cycle.	Corrective action in process	Same as prior year recommendation
IT 13-3	Laptops utilized by District employees do not contain encryption software. To protect sensitive data on portable devices such as laptops, the device should have encryption software installed. ⁹	We recommend the District install encryption software on all portable devices to reduce the risk of unauthorized access to sensitive data.	Important - Short Term	The District has implemented Enterprise versions of Windows 7 and 8x to allow them to implement BitLocker in the future to address encryption. Additionally, as schools are converted to VDI, the data is no longer housed locally, it is stored at the data center.	Corrective action in process	Same as prior year recommendation
IT 13-4	Wiring closets on floors 7 and 8 of City Hall remained unlocked. All server rooms and wiring closets should be secured at all times with access only to authorized personnel.	We recommend the District consider installing MAG locks on all wiring closets within City Hall. These locks are currently utilized for access to the server room and many other department rooms. These locks will ensure proper locking of the doors without the need to manually lock it with a key after use.	Important - Short Term	Securing Communications closets at City Hall was deemed a facilities issue to be addressed by the Plant Division. Accordingly, locks were requested, however, none have been installed to date.	Corrective action in process	Same as prior year recommendation
IT 13-5	The IT Help Desk does not have a formal written policies and procedures manual. This manual promotes the performance of standard procedures consistently among all employees of the IT Help Desk. It also allows for efficient transition of duties and cross-training among all employees.	We recommend the District's IT Help Desk develop and publish a formal written policies and procedures manual.	Important - Long Term	The IT department has implemented formal policies and procedures for the following items: <ul style="list-style-type: none"> • MS Exchange Management • Creating Active Directory Accounts • Configuring Mobile Apps • Infinite Campus Admin • Phone Quick Start Guide Policies are being regularly created on an as needed basis.	Corrective action in process	Same as prior year recommendation

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(IT)	Information Technology					
IT 13-6	The District does not require formal continuous training for IT Help Desk analysts. The efficiency and effectiveness of an IT Help Desk is based on the knowledge base of employees operating the Help Desk. Requiring formal continuous training will enable Help Desk employees to become experts in various emerging technologies and trends.	We recommend the District design and implement a continuing professional education program that would require all IT Help Desk analysts to complete a minimum amount of training hours related to various IT technologies utilized by the District as well as emerging technologies and trends.	Routine - Short Term	IT Help Desk analysts have completed training in MS Office 2013, Infinite Campus Modules, Alcatel Lucent , and Exchange administration.	Corrective action in process	We recommend the District design and implement a continuing education program.
IT 13-7	Survey feedback e-mails for the IT Help Desk are not sent automatically once an incident ticket is closed. The IT technician must manually initiate a survey feedback e-mail. Sending these survey feedback e-mails to all end users will provide constructive information for improving the effectiveness and efficiency of the IT Help Desk.	We recommend the District review the capabilities of School Dude in relation to the help desk module. If School Dude has the option to send survey feedback e-mails automatically once an incident ticket is closed, this option should be implemented.	Routine - Short Term	The option to send out surveys from School Dude has not been automated. The help desk conducts periodic and random telephone surveys of ticket resolution to establish quality of service.	Corrective action in process	Same as prior year recommendation
IT 13-8	The BPS-open wireless network is not password-protected.	We recommend at a minimum that the District prevent the public transmission of the SSID for the BPS-open wireless network. This will protect District resources from public use.	Routine - Short Term	BPS-Open is scheduled to be disabled. The District will only have the following three SSIDs: BPS - secured and encrypted 802.1x, BPS_Guest - unencrypted internet access for guests restricted via the registration page giving temporary passwords, Unbroadcast BPS_iPAD - unencrypted, network restricted via MDM hard for registered endpoints only.	Corrective action in process	Same as prior year recommendation
IT 13-9	No training is provided to District computer users regarding the security of IT assets.	We recommend the District develop a training course or manual for all District computer users that discusses various methods for securing IT assets and data. Training topics could include Microsoft Excel security as well as general physical security such as automatic logoff after extended inactivity.	Routine - Short Term	The IT departments Network Engineer provided some training on Microsoft Excel and computer security before resigning. The Audit Department has sent periodic advisement to District staff on common sense precautions for protecting District assets from theft and has added an outline of procedures in their computer asset technology manual.	Corrective action implemented	N/A
IT 13-10	Prior to a user being granted access to IEPDirect.com, he or she must sign an IEPDirect.com Confidentiality and Non-Disclosure Agreement. During our testing, we noted the District could not provide signed Confidentiality and Non-Disclosure Agreements for all users.	We recommend the District maintain on file all signed IEPDirect.com Confidentiality and Nondisclosure Agreements.	Routine - Short Term	IEP direct is managed by the special education department. Their staff that provides access to IEP direct will be required to complete an access form when access is requested and the form is received. The forms will be kept in a binder in their office. Access will only be provided once the form is received and filed.	Corrective action in process	Same as prior year recommendation

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(IT)	Information Technology					
IT 13-11	During our review of the user permissions of the ePayables platform through Bank of America, we noted improper segregation of duties. The Deputy CFO, Director of Purchasing, and the Supervising Auditor have administrative rights in the platform.	We recommend the District only grant administrative rights to a District employee independent of the daily purchasing and accounts payable operations, such as the Deputy CFO and/ or an employee within the IT department.	Routine - Short Term	Since this exception does not involve MUNIS or IT department, this finding will be addressed with the next P-Card audit cycle.	Corrective action in process	Same as prior year recommendation
IT 13-12	During our review of the user permissions of the ePayables platform through Bank of America, we noted four District users within the Administration group of the platform have purchaser and requestor rights. A user should not have the ability to request a payment and also approve the payment within the platform.	We recommend the District only grant users classified in the Administration group of the ePayables platform with purchaser or requestor access but not both.	Routine - Short Term	Since this exception does not involve MUNIS or IT department, this finding will be addressed with the next P-Card audit cycle.	Corrective action in process	Same as prior year recommendation

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Payroll and Personnel (PP)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(PP)	Payroll & Personnel					
PP09-2	<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"> • A teacher signed in as present on the sign-in sheet, but was marked absent on the statement of service; • Teachers were marked as ½-day absent on the sign-in sheet, but was marked as present for the full day on the statement of service; • Teachers did not sign-in as present on sign-in sheets, but were marked present on the statements of service; and • Teachers were marked as absent on the sign-in sheets, but still erroneously marked as present on the statements of service. <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>	Urgent - Short Term	<p>There have been no changes in the current year. This is due largely in part to the new electronic payroll system which has not been implemented. Every single entry is reviewed by the payroll clerks. This requires a substantial amount of time and staffing and also leaves room for human error. The District is in the process of conversion to an electronic system however this requires substantial money and time.</p>	Corrective action in process	Same as prior year recommendation
PP09-4	<p>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.</p>	<p>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.</p>	Routine - Short Term	<p>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. The principals have the right to call in substitutes as specifically stated in their contracts. If the Board attempted to take this right away from principals, there are possible legal ramifications.</p>	Risk determined to be acceptable	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(PP)	Payroll & Personnel					
PP09-8 PP10-2	As noted during our control testing of payroll, it appears there is no firm deadline for the submission of statements of service for extra activities in order for them to be processed in a timely manner. As an example, included in our sample was an extra activity statement of service for the week ended October 9, 2009, which was not processed until the period ended October 23, 2009. Such delays in the reporting of time increases the risk that expense may not be recorded in the correct period and that employees may not be paid promptly. Additionally, it hinders the documentation process as when support was sought for the October 9, 2009 payment each prior period statement of service had to be scanned.	We recommend that the District require all extra activity statements of service be submitted timely to the District Payroll Department and processed in the correct pay period.	Routine - Short Term	Currently there is a pay schedule that is sent out to employees at the beginning of each year. However, even with this reminder there are still issues in this area. A main issue is that teachers hold activities over a longer period of time and then submit for reimbursement together, in order to receive a larger check. As this does not reflect the current period in which the pay was supposed to occur, this leaves room for vulnerabilities.	Corrective action in process	We recommend when the District changes to an electronic system, the employees who participate in extra activities sign in the date of the occurrence. This will allow payroll to track activities and will ensure employees comply with the pay schedule set forth.
PP09-14	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.	We recommend that the District not allow prospective employees to begin working until the hire is officially approved by the Board of Education.	Important - Short Term	Board meetings are only held twice a month throughout the school year and only once a month over summer. If there is a position that the Board can foresee needing to be filled, proper actions are taken for board approval. However, instances occur when positions need to be filled quickly in instances of employee resignation. In these cases the Human Resources Department hires a candidate who starts work when necessary and then needs board approval at the next meeting. The District pays the person the lowest applicable rate until the Board approves or denies the position. If the Board approves the position and candidate, the wage will then be adjusted to fit the candidates qualifications. Retro wages are used in these instances.	Risk determined to be acceptable	N/A
PP09-17	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).	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.	Important - Long Term	The Board has not implemented the electronic timekeeping system. However, the Board has changed the due date of statements of services from Thursday to Friday. This has eliminated the need for employees to estimate their Friday performance.	Corrective action in process	Although corrective actions have been taken, we recommend the electronic timekeeping system still be evaluated.
PP09-18	Security surrounding personnel files appears to be less than adequate. The business records of the District must be secured in a fire resistant area. That area should be readily accessible to specific employees only, and not be accessible to other District employees or the general public. It was noted that while offices containing personnel files are rarely left unattended, the filing cabinets containing the files are not locked. Furthermore, it was noted that the personnel files for current teachers are not even filed in cabinets. Rather they reside on shelves within the HR Office, susceptible to unauthorized access, damage, or loss.	We recommend that the District improve safeguards surrounding personnel files so as to further prevent unauthorized access, theft, or damage/loss.	Routine - Long Term	Associate Superintendent for Human Resources is in the process of switching all personnel files. Currently the Exempt and the Civil Service employee files are the only types to not be converted. There was a delay due to the funds requested by purchase order not being sufficient enough to complete the task. The Board has currently put in a RFP with the purchasing department to complete this job. SharePoint is the application that is being utilized for this process. The HR office is responsible for inputting employee files. All employees within the HR department have read only access. If there is a status change for an employee, new files are scanned into the SharePoint system. The Associate Superintendent of Human Resources, Secretary, scans in the documents for the personnel files, ultimately converting the paper files to wireless. Once all of the employee files are in the system and are properly checked by the Deputy Director of Human Resources or the Chief of Talent Management, these files are then sent to the shredder.	Corrective action in process	Same as prior year recommendation

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(PP)	Payroll & Personnel					
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.	Routine - Short Term	This process will improve once the new automated payroll system is implemented. Corrective actions are still in process.	Corrective action in process	Same as prior year 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.	Routine - Short Term	Employees have time cards that show the actual time worked and the supervisors enter the number of hours into the system. Additionally, this process will improve once the automated payroll system is implemented.	Corrective action in process	Same as prior year recommendation
PP10-8	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.	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.	Important - Long Term	The Board of Education rescinded this requirement as of March 23, 2011 for teachers and union administrators. This standard is being followed for civil service employees.	Corrective action implemented	N/A
PP10-10	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.	We recommend the District gain confirmation from the union or benefits provider as to whether the supplemental benefits are being provided.	Important - Short Term	An audit of invoices for one of the unions was performed.	Corrective action in process	We recommend the District 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.
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.	Routine - Short Term	During open-enrollment in November 2013, the District conducted a "positive enrollment" for all members of Local 264 (service Center) and PCTEA. Results were 100% response from the workforce and 100% correct records for health insurance. District manages the dental plan for Local 264 and there was one dependent incorrectly listed on the plan, with zero cost to the District. With numerous changes occurring at this time surrounding the administration of benefits, the District is recommending a delay of a District-wide dependent verification.	Corrective action in process	We recommend the District require re-enrollment for all labor unions, if not already included in agreements.

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Item Number (PP)	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
PP10-13	<p>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.</p>	<p>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.</p>	<p>Important - Long Term</p>	<p>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. Per the Director of Talent Management, the person who was making the policy had left the District in June. The Board has been unable to find a replacement. It is expected that the Director position be filled within the next month and as part of their duties, the new Director will begin a formalized manual.</p>	<p>Corrective action in process</p>	<p>Same as prior year recommendation</p>

Purchasing and Accounts Payable (PA)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(PA)	Purchasing & Accounts Payable					
<p>PA09-2 PA10-1 PA11-1</p>	<p>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.</p>	<p>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.</p>	<p>Routine - Long Term</p>	<p>The District is working to automate this process. Full autonomy of this process will take an extended period of time, however the District continues to strive towards this goal.</p>	<p>Corrective action in process</p>	<p>Same as prior year recommendation</p>
<p>PA11-5</p>	<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: • 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. • 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.</p>	<p>Important - Long Term</p>	<p>The Board is in the process of tracking textbooks. Over the summer there was an inventory of the books owned by the District. The District then sold the books which were not current back to the distributors. For the books that are still useable, there is a running spreadsheet on excel that contains all a listing of the textbooks. The Board is in the process of getting barcodes in which, they will be able to scan the books and put them into the system. This will be conducted through the Board directly and not outsourced. However, this has not yet occurred. Also, there has not been a textbook policy implemented.</p>	<p>Corrective action in process</p>	<p>Same as prior year recommendation</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(PA)	Purchasing & Accounts Payable					
<p>PA12-6 PA12-15</p>	<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>Routine - Long Term</p>	<p>The Board attempts to request items to be made by the end of September for teachers, however, sometimes there are additional items that will need to be purchased that would not require bidding. If additional items are needed after the deadline, the Board determined it appropriate to utilize the same vendor for the additional supplies requested. The Board has not utilized any type of horizontal trend analysis.</p>	<p>Corrective action not implemented</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>
<p>PA12-8</p>	<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>Urgent - Short Term</p>	<p>The Board has utilized bidding procedures when applicable. We performed testing with the Director of Purchasing and all items tested included proper bids and documentation, as well as the appropriate signatures relating to the bid. For purchases exempt from bidding procedures, proper documentation has been maintained.</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	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(PA)	Purchasing & Accounts Payable					
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.	Important - Short Term	The main users of P-Cards are the CTE teachers (home economics). These cards are utilized for Wegmans purchases. Each month, the Assistant Management Analyst reviews the spending for the cards, noting that the expenses are proper. The CFO then reviews the statements and ultimately signs off, ensuring for proper payment. There is a predetermined limit that is set by the Board in the beginning of the year which the CTE teachers cannot spend over. This is similar to a prepaid cellphone card in which, when the money is ran out, there can be no more spending. Other users include exempt employees, such as the principals who utilize these cards for staff meetings. These staff members will fill out a purchase order and send this to the Director of Purchasing, explaining how much these members intend on using and what the meeting is for. The Director of Purchasing will then notify Wegmans to load money onto the cards and then the purchase can be made.	Corrective action implemented	N/A
PC 13-1	The version of Munis currently utilized by the District does not have the required capabilities to integrate the general ledger (“g/l”) functions of the Bank of America (“BofA”) Works platform. These functions have the potential to provide the District with operating efficiencies while maintaining strong controls over purchases. Through discussions with District management, MUNIS version 9.4 has the required capabilities to integrate the g/l with the BofA works platform.	We recommend that the District upgrade to Munis version 9.4 to capitalize on the full benefits and capabilities of the BofA works platform.	Important - Short Term	The new version of MUNIS 9.4 is being utilized and the Bank of America platform is integrated with the MUNIS system as of August 1, 2014. The individual responsible for loading the Bank of America information is the Supervising Accountant.	Corrective action implemented	N/A
PC 13-2	Currently, three District employees have administrative rights in the BofA Works platform. However, there are certain key functions of the program that only one employee is currently involved. These functions include but are not limited to the following: - Setting up user groups and profiles - Establishing and adjusting card limits - Restricting certain purchases - Adding new vendors - Accumulating and reviewing receipts - Reconciling card statements with receipts	We recommend that the District review the requirements for these key functions and consider cross-training in these areas. This training may include a period of time for new staff to be educated in both the day-to-day and nonstandard procedures and tasks that accompanies these functions.	Important - Long Term	The Administrative Assistant to the Director of Purchasing has been trained in this area. Since Bank of America has been integrated with the G/L functions, the board is now utilizing more of Bank of America’s resources.	Corrective action Implemented	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(PA)	Purchasing & Accounts Payable					
PC 13-3	Based on our review of the Purchasing Card process, we ascertained that the number of card users ranged from approximately 15 to 20 per month. We also noted that the Accounts Payable and Audit function has set a structured audit schedule from the point of receiving monthly statements, to obtaining supporting documentation from departments, to reviewing and approving documentation, and to final payment. As noted in PC2, only one person is responsible for reconciling the total monthly activity for the Purchasing Card Program. Therefore, the timely submission of receipts from departments is essential to maintaining effective controls over this process.	We recommend that District set and enforce strict deadlines for the submission of receipts from departments. As the District expands this program to more users, timely submission will become increasingly important in maintaining strong internal controls over the Purchasing Card process.	Important - Short Term	A schedule of deadlines is communicated to employees however is not included in a policy.	Corrective action in process	We recommend that this procedure be included in the p-card policy.

Revenue and Accounts Receivable (R)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(R)	Revenue & Accounts Receivable					
<p>R09-2 R10-2 R11-2</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>Important - Long Term</p>	<p>The IT Department has implemented a new Data Warehouse system, 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. The District is in the process of implementing standardized procedures. It was noted that currently there is a lack of ownership over the data being collected. The District is trying to determine who is responsible for these processes, data health check reports, and the overall responsibility of accurate reporting.</p>	<p>Corrective action in process</p>	<p>System procedures are in place but the District has not implemented a standardized procedure or policy. We recommended that the District formally document this process.</p>
<p>R09-3</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"> • A student was recorded as "present" in eSIS, but marked with an "unexcused absence" on the manual attendance roster; and • 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. <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>Important - Long Term</p>	<p>The District has implemented the use of the eSIS system in all classrooms. Teachers are responsible for reporting attendance during every period of every school day and must post to the eSIS system by midnight of that day. If a teacher fails to record their student attendance by this time, they must submit their records to the school clerk, who has the ability to input prior information. This process helps to ensure accurate reporting. The principal and office staff have the ability to see in real time which teachers have taken attendance and which ones have not, as well as the ability to see the attendance detail that was recorded at a student and class level.</p>	<p>Corrective action in process</p>	<p>We recommend a policy be implemented in order to formally document this process for compliance by all schools.</p>

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(R)	Revenue & Accounts Receivable					
R09-4 R10-3	The utilization of swipe cards containing photo identification for students and faculty would improve many processes and eliminate error in key areas where the lack of or poor internal controls could lead to the loss of District revenues.	Swipe cards used at the entrances to the buildings in the morning could easily track student attendance and automatically update an online attendance system. Cards could be tailored to identify the student's individual circumstances. Cards could also identify students with other special needs by listing the student's NYS Department of Social Services number that would identify them as Medicaid eligible or a special needs student. The cards could also list the student's bus number and would identify the student's bus route, as well as assist the bus aides by providing photo ID. The bus information would also assist in tracking transportation aide from NYS, which is driven by actual expenses per bus student. Additionally, swipe cards with photo ID for students and faculty would provide much improved security at the schools creating a safer environment for the children.	Important - Long Term	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. The eSIS system has been implemented in order to ensure more accurate, real time student attendance information.	Corrective action not implemented	The District should continue to evaluate the possibility of providing ID cards to all students for the purposes of accurately tracking attendance, identifying the student's individual circumstances, and improved school security.

Workers' Compensation (WC)

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(WC)	Workers' Compensation					
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.	Important - Long Term	The District is aware of recommended changes in the negotiated language providing full salary while in a Worker's Compensation status and is working to negotiate new language into its contracts.	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.	Important - Long Term	The District is working with an outside consultant to bid out stop-loss insurance in order to determine if it is a cost-effective alternative.	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.	Urgent - Short Term	The Benefits Office has communicated this finding to the Safety Officer.	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.	Important - Short Term	The District is seeking a reliable vendor to administer baseline hearing tests.	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.	Important - Short Term	The Worker's Compensation Analyst works with various departments, including Human Resources to return employees to work at the earliest possible time, in consideration of the capabilities as stated by their physician. The District now requires employees who have been injured to be reviewed by a physician every 30-45 days and send the District an update on the status of the injury. The reports are then sent to the District where they are reviewed. We review this documentation, as well as the workers compensation guidelines on the District's website.	Corrective action implemented	N/A

Appendix A - Matrix of Findings, Recommendations and Implementation

Item Number	Original Description of Findings	Original Recommendation	Risk Rating	District Corrective Actions taken through December 2014	Current Status	Current Recommendation
(WC)	Workers' Compensation					
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.	Urgent - Short Term	The Human Resource Directors have shared procedural information with principals and supervisors in the District. This had some impact on compliance with procedures and will help the District prevent workers' compensation issues. This information has yet to be addressed at school wide administrator meetings.	Corrective action in process	The District should provide the Benefits Office with the opportunity to consider 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.
WC12-9	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. 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.	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.	Urgent - Short Term	The District bid out the third party services for Workers' Compensation and secured a new contract with POMCO on July 1, 2014. The District moved to a flat rate for bill paying services. The Benefits Office is presently working with an outside consultant, the Workers' Compensation Analyst and POMCO to establish new auditing procedures to ensure proper payment and tracking of vendors and management of the checkbook is occurring. The Benefits Office will request an outside audit after one year of the new contract to ensure proper payment and auditing is occurring.	Corrective action in process	Same as prior year recommendation
WC12-10	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. 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.	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.	Important - Short Term	POMCO has provided up-to-date software for use by the Benefits Department to pay medical-only bills. The Benefits Office will request an outside audit after one year of the new contract to ensure proper payment and auditing is occurring.	Risk determined to be acceptable	N/A
WC12-12	The Workers' Compensation Analyst notifies the District's payroll department when an employee will be on leave from work due to a workers' compensation claim. The status of the employee is then updated in the District's payroll system by the payroll department. All lost time claims for employees who receive full wages as part of their workers' compensation benefits are currently being manually tracked by the Workers' Compensation Analyst.	We recommend that the District consider automating the process of tracking lost time claims within the payroll system in order to replace or enhance the current manual process.	Important - Long Term	The payroll department hired a person to handle workers' compensation claims and develop automated software. Due to restrictions from the current system being over ten years old, the new system has yet to be implemented.	Corrective action in process	Same as prior year recommendation