

**Averill Park Central School District
Corrective Action Plan
Risk Assessment Update
(Internal Audit Report 2019-20)**

<u>Internal Control Area</u>	<u>Recommendations</u>	<u>Corrective Action</u>
Payroll	When preparing future payroll calendars, schedule the first pay for 10-month employees to reflect the number of days worked before the payday.	The District has developed Payroll Calendars for the coming three years, 2020-21, 2021-22 & 2022-23 that establish the first pay date for 10 & 12 month employees at a date two weeks following their commencement of work date.
Cash Receipts	During our review, we noted equipment sold to employees that had been declared surplus by the Board. Although the District is receiving funds for the surplus equipment the sale should be open to the public to obtain the best price.	The District occasionally offers obsolete equipment to employees and students, typically desk top computers that have been declared surplus by the Board. Over the past four years these sales have generated less than \$1,300 in total sales. The District has used a "garage sale" model at the Transportation Facility for selling surplus equipment in the past. Our experience has been that very little equipment has been sold, with the cost of staffing the event exceeding the revenue generated. Any computers not sold internally are sent to recycling. The corrective action in this case would be to recycle or scrap all surplus equipment that has no significant residual value to the district.
Payable and Disbursements	<ol style="list-style-type: none"> 1. Purchasing policies should be reviewed with staff to ensure that purchase orders are obtained for all purchases, before the purchase being made. 2. It is recommended that the Claims Auditor attends periodic training to remain current in their skill set. Additionally, the Claims Auditor should report findings that are discovered during the claims review. (e.g. no PO, confirming PO's, no quotes, sales tax, etc.) The Claims Auditor is the appointed eyes of the Board for reviewing expenses and should report accordingly. 3. The District should update its Board policy to address Federal purchases required under the Uniform Guidance regulation. 	<ol style="list-style-type: none"> 1. District staff with direct purchasing responsibility will be provided a refresher on the Purchasing Policy. 2. The District recently appointed a new Claims Auditor for whom the required training will be scheduled as soon as available. This training will provide the Claims Auditor with the knowledge and skills necessary to review and identify claims for approval or to identify claims as exceptions to the Purchasing Policy and for the appropriate reporting methodology to the Board. 3. The District will review and adopt the appropriate Purchasing Policy in compliance with Federal, Uniform Guidance regulations in conjunction with the Board's ongoing policy review activities.
Cash, Investments, Bank Reconciliations	43 outstanding checks totaling \$3,271 that are greater than 90 days old. In the scholarship account, the oldest check was from 2015. Other than these outstanding items the staff and procedures have remained constant and the internal controls appear to adequately monitor the risks.	We will develop internal procedures for managing stale checks for the various types of checks processed by the District; Accounts Payable, Payroll, Scholarship, Extraclassroom
Cafeteria Operations	General Comment: It has become a State-wide issue of school districts incurring significant expenses as a result of negative student lunch fund balances. At the time of our review (January 2020), the negative balances were approximately \$8,000.) Since these expenses are unknown and can become substantial, it is recommended the Board is made aware of the balances throughout the year.	District Administration is aware of the increasing negative account balances being created by the policies prohibiting meal shaming as promulgated by State government. This information is shared periodically with the Board throughout the school year. The Board is also provided a formal report at year-end summarizing operations, including the impact of negative account balances. The Board has been made aware of this condition and the impact these increasing negative balances are placing on the General Fund budget, including the need to divert \$50,000 of the educational program budget to the School Lunch Fund to cover the cost of negative account balances and the minimum wage law requirements.
Transportation	The district is currently performing a "best practice" of vetting charter drivers and companies; we recommend that a written policy/procedure is created and distributed to all staff to ensure all employees are aware of the procedure.	Develop a formalized, documented procedure establishing when charter bus service is to be used for student transportation, recommends what contractors can be engaged to provide these services, identifies who is the District staff member responsible for the trip and setting forth the responsible person's duties with respect to the charter bus contractor and State transportation regulations.
Information Technology	The district disaster recovery plan should be updated and approved by the Board.	The Director of Technology is coordinating an update of the District's, Disaster Recovery Continuity of Operations Plan with a targeted completion in Summer 2020 for presentation to the Board of Education.
Extraclassroom Activity Fund	<ol style="list-style-type: none"> 1. The District should create an outlined policy or procedure for the ECAF Auditor which identifies the roles, responsibilities, and authority reporting lines. 2. Develop a procedure manual to assist the ECAF advisors, student treasurer's and central treasurer's by providing consistent procedures and forms for their use. Training should be provided to all Advisors, Student Treasurers, and Central Treasurers at the beginning of the school year. 	<ol style="list-style-type: none"> 1. The ECAF Auditor will work with District's Internal Auditor to develop an ECAF Auditor job description delineating the ECAF Auditor's, roles, responsibilities, and authority reporting lines. 2. The ECAF Auditor will develop an ECAF Advisor accounting procedure manual and the District will engage the Internal Auditor to provide training to the ECAF Advisors on operationalizing the procedures detailed in the manual.