

February 24, 2020

Board of Education
South Colonie Central Schools
102 Loralee Drive
Albany, New York 12205

RE: District Response to Internal Audit Risk Assessment

Dear Members of the Board of Education:

The firm Michael Wolff Advisory Services performed a Risk Assessment as part of our Internal Audit for 2019-2020 school year. As part of the audit process, they issued a report, dated December 2, 2019. This report was presented to our Board of Education's Audit-Finance Committee on December 19, 2019. The focus area for the 2019-2020 internal audit is Food Service Inventory.

The 2019-2020 Risk Assessment did not result in any findings. However, the following comments and recommendations were made.

Risk Assessment Comment (Payroll):

At the time of our review there were bargaining groups that had expired bargaining contracts that are currently in negotiations. These items present additional risk since the negotiated items could have significant financial impacts to the district.

Response:

At the time the report was issued, there were 2 bargaining groups that had expired contracts. The South Colonie Teachers' Association (SCTA) contract and the Civil Service Employees Association, Inc. (CSEA) contract. At this time, the SCTA contract is settled and the CSEA remains in active negotiations. The District has a mediation session scheduled with the CSEA group and continues to work to achieve a settlement.

Risk Assessment Comment (Payroll):

Teachers are paid a full paycheck at the beginning of the school year, even if they have not worked a full pay period. Under NYS Law this is not allowed since it is considered paying for services not received or an interest free loan. This practice also increases the risk of loss if an employee terminates employment and owes the district money/time at the time of termination.

Response:

The District will consider modification of the payroll schedule for all 10-month staff members.

Risk Assessment Comment (Payables and Disbursements):

As a general comment, a couple of invoices were signed off as approved for payment as required, however we recommend that the personnel most directly involved with the expenses sign off on the invoice.

Response:

As a general practice, the District requires the direct supervisor to sign off on the invoices. For district-wide expenditures, central administration is generally aware of the product or service being provided and signs off accordingly.

Risk Assessment Comment (Payables and Disbursements):

The Claims Auditor has not attended any formal training in a few years which may provide him with the needed knowledge base to identify exceptions and report to the Board. (e.g. Special Ed, IT, Grant Admin, etc.)

Response:

The current Claims Auditor, District Treasurer/Business Office Manager and Assistant Superintendent for Management Services & Strategic Planning participated in a Claims Auditing webinar offered by the Office of the State Comptroller on 8/21/19.

In addition, the District is currently evaluating the claims auditing process including consideration of a change in the Claims Auditor. This transition, if BOE approved, is anticipated to begin on July 1, 2020. As part of this transition, there will be training and guidance provided to the new Claims Auditor.

Risk Assessment Comment (Fixed Assets):

As of our review, a physical inventory has not been taken in a few years.

Response:

The District is working with its insurance carrier, Utica National, to provide a physical inventory at no added cost to the District.

Risk Assessment Comment (Extra-classroom Activity Funds ("ECAF")):

A new Central Treasurer was appointed as a result of a retirement. Anytime there is a change in personnel, there is the possibility of increased risk.

Recommendation:

The new ECAF Central Treasurer should receive additional training to gain a better understanding of the position.

Response:

The Accounts Payable staff has been working with the new Central Treasurer at Sand Creek Middle School to help ensure that her transition into her new position is a successful one. Also, the new Central Treasurer has received additional training from the former Central Treasurer.

Risk Assessment Comment (Cafeteria Operations):

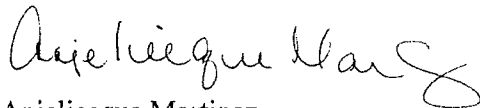
During the review of cash receipts there was one cash receipt that did not have supporting documentation for the cash received. The receipt was from food service and on this date, there was a software problem that was believed to have caused the issue. Food service management should ensure that all differences are thoroughly reviewed and identified and supporting documentation is obtained when there are software issues.

Response:

To prevent further issues with sales not being entered into the Nutrikids system when there is a system issue, the Food Service Director has developed a process on how this is to be handled. The Food Service Director has communicated to the Cook Managers that anytime there is a system issue that requires them to manually track the sales information, they need to forward that information to the Food Service Office for data entry. The Food Service Office will then input the sales into the Nutrikids system to ensure the cash received matches the sales accordingly.

Sincerely yours,

SOUTH COLONIE CENTRAL SCHOOLS



Anjelieeque Martinez
Business Office Manager/
District Treasurer



Sherri Fisher
Assistant Superintendent for
Management Services &
Strategic Planning

CC: Annette Chamberlain

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3-3-2020



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BOARD OF EDUCATION

8-25-20



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