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Superintendent of Schools



Baldwinsville
Central School District
Achieving our full potential together.

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Corrective Action Plan in Response to the June 30, 2018 External Audit

Prior Year Deficiencies Pending Corrective Action:

Confirming Orders –

We noted five instances where a selected purchase order appeared to have been created after the vendor invoice had been received.

We recommend the District review these items and insure that confirming orders should only be used for those purchases considered emergency in nature.

The accounts payable staff and the claims auditor made this a focus for 2017-18. We continue to work with department heads to cease doing this. We have made recommendations to the Baldwinsville Public Library concerning this practice. The District keeps their books. Our suggestions are not always acted upon. There have been fewer and fewer instances of this in recent months per the claims auditor reports. The District will continue to work to end this practice.

Segregation of Duties-

Our examination revealed that the Treasurer is also the System Administrator for the accounting software.

In order to enhance segregation of duties over computer controls we recommend that someone independent of accounting duties be appointed the System Administrator.

In last year's corrective action plan in response to this comment, the Assistant Supt for Management Services began instructing the Treasurer when employee access to the accounting software was to be changed. This takes the form of an e-mail sent to the Treasurer. He then forwards the request on to the Regional Information Center for action. Both receive conforming e-mails when the changes have been made. The District will continue this practice with the added practice of keeping a copy of the confirming e-mail.

Claims Auditor-

It is our understanding that the construction manager hired by the District manages all change orders and ensures they have the proper approval. However, for an additional control feature, we recommend the claims auditor periodically review change orders to endure the process is working.

The District will instruct the Claims Auditor to periodically review change orders as recommended.

Current Year Deficiencies in Internal Control:

Bank Reconciliations-

Bank reconciliations are not routinely reviewed by an individual independent of the bank reconciliation process.

Going forward the Assistant Superintendent for Management Services will sign off on the monthly bank reconciliation.

Appropriated Reserves-

The District appropriated the Workers Compensation and Retirement Contribution reserves as part of the 2017-18 Budget. However, the District did not utilize those reserves during the year as indicated in the Budget.

The New York State Education Department recommends that appropriated reserves be transferred into the General Fund to support the budget.

The District will continue to manage its reserves and budget fund balance appropriately.

Library-

During our examination, we noted that the purchasing policy for the Library does not address quoting thresholds.

In an effort to conform with General Municipal Law, we recommend the Administration review this policy and create a regulation that establishes a range for quotations.

The District continues to work with the Library management. In 2017-18 their Board rejected the District's recommendation to adopt our purchasing standards. These standards include quoting thresholds. The District will continue to work with the Library to improve their purchasing standards.

Other Items:

The following items are not considered to be a deficiency in internal control, however, we consider it another item which we would like to communicate to you as follows:

Cyber Risk Management-

The AICPA Center for Audit Quality recently issued a cyber security risk management document discussing cyber threats that face both public and private entities. The District's IT personnel routinely assesses cyber risk as part of their normal operating procedures. We recommend the District continue to document their cyber risk assessment, how findings are to be communicated to the appropriate level of management, and how the process will be monitored.

The focus of the 2016-17 internal audit drove many changes in the management of our computer network. We look to do a process of continuous improvement in this area as cyber threats evolve. The

District's IT Director does keep the central office management informed of the latest threats to our network and the efforts made of combat them. District has purchased increased limits for Cyber Insurance for 2018-19. We are also working with OCMBOCES on additional safe guards in 2019-20.

Capital Projects Fund

At yearend there are several old projects from 2013, 2014 and 2015 which are still open with small balances on the books. These projects should be reviewed and closed out if no additional expenditures anticipated.

Going forward we will look at older project balances and close them out appropriately.

*James J. Jones
10/29/18*