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Date: February 8, 2023

To: Audit Committee of the Board of
Education of the Carmel Central School District

From: Nugent & Haeussler, P.C.

Re: Internal Audit Services – Fixed Asset Controls
Reference #2023-1

Peter J. Bullis, CPA, FACFEI, DABFA
Christopher E. Melley, CPA
Gary C. Theodore, CPA
Julia R. Fraino, CPA
William T. Trainor, CPA
Mark M. Levy, CPA, CFP
Thomas R. Busse, Jr., CPA
Brent T. Napoleon, CPA
Jennifer L. Capicchioni, CPA
Patrick M. Bullis, CPA
Justin B. Wood, CPA
Richard P. Capicchioni, CPA

Norman M. Sassi, CPA
Walter J. Jung, CPA

In accordance with our proposal and the Annual Risk Based Internal Audit Plan, we have conducted our internal audit services with respect to the fixed asset controls of the Carmel Central School District.

CONCLUSION

The grading standards are Satisfactory, Acceptable and Unsatisfactory.

The fixed asset controls area is rated *Satisfactory*.

The Compliance Officer is to submit a response to this report to the Audit Committee with copies to interested management and the auditor by April 30, 2023.

OBJECTIVE/SCOPE

The purpose of the internal audit services is to assist the Audit Committee and the Board of Education in making a determination with respect to:

- Whether adequate policies, practices, internal controls and procedures exist regarding fixed asset controls.
- Evaluating the fixed asset controls with respect to inventory controls.
- Compliance with applicable laws and regulations.

The internal audit covered sampled transactions from July 1, 2021 through December 31, 2022. The internal audit services were conducted on January 25th and 30th, 2023.

PROCEDURES/FINDINGS

Policy Review

During our review of district policies related to fixed assets and facilities it was noted that several of the policies have not been reviewed or updated for many years.

We recommend that all of the district's fixed assets and facilities related policies be reviewed on an annual basis and updated where necessary.

Fixed Asset Inventory Observation

Throughout the course of our fixed asset observation at the school buildings we found assets that did not have fixed asset tags on them. We also found items that were not in the location identified in the fixed asset inventory listing.

We recommend the district conduct a full physical inventory of all of the district's fixed assets and place tags on the items that do not have them and return assets to the proper locations or update the fixed asset inventory listing for those changes in the physical location of the fixed asset.

Fixed Asset Disposals

During our review of the fixed asset dispositions made during the fiscal year ended June 30, 2022 we found one instance where a fixed asset was disposed of without the Board of Education's approval.

We recommend that all fixed assets that are recommended to be disposed of are presented to the Board of Education as surplus equipment and approved to be disposed of by the Board of Education prior to their disposition.

Other Procedures

In addition to the items listed above in the Procedures/Findings area of this letter we performed other procedures (noted below) with respect to fixed assets and have no further recommendations.

We interviewed district personnel in the business office, technology, and facilities departments to get a better understanding of the procedures related to fixed assets.

We reviewed a selected sample of fixed asset additions from the year ended June 30, 2022 and 2023 to ensure that there was proper backup and that they were properly classified as fixed assets.

We reviewed a selective sample of expenditures posted to supply and contractual codes that were over the fixed asset threshold of \$5,000 to ensure the expenditures were properly classified and should not have been included in the fixed asset inventory listing.

We reviewed the useful lives used for all classifications of fixed assets to ensure the district was following the useful lives information described in the most recent audited financial statements.

We reviewed the schedule of Construction in Progress at June 30, 2022 to ensure that the items were properly classified as such and that items related to completed projects were properly reclassified when put in service.

We reviewed the fixed asset summary in the audited financial statements for the year ended June 30, 2022 to the “Account Summary” report prepared by the third party service provider.

This report is intended solely for the information and use of the Audit Committee, the Board of Education, and management of the Carmel Central School District and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully Submitted,


NUGENT & HAEUSSLER, P.C.

cc: John Fink