

Pelham Union Free School District

Risk Assessment Update Report

April 17, 2017

Risk Assessment Update Report

To the Board of Education and Audit Committee
Pelham Union Free School District
Pelham, New York

We have performed the annual risk assessment update of Pelham Union Free School District (District) as required by Chapter 263 of the Laws of New York, 2005 and as per our agreement of July 1, 2016.

This engagement is in accordance with auditing standards generally accepted in the United States of America and the applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also considered the guidelines promulgated by the New York State Education Department in connection with such risk assessments.

Specifically, we performed the following:

- We reviewed our understanding of the critical business processes of the District. These critical business processes included, but were not limited to:
 - Governance and planning
 - Accounting and reporting
 - Revenue and cash management
 - Payroll and related benefits
 - Purchasing and related expenditures
 - Facilities and equipment
 - Student services
 - Student related data
 - Information technology
- We identified the key risks based on our understanding of these business processes.
- We identified the stated controls that are currently in place to address those risks.

These procedures were accomplished through interviewing District management and accounting and other departmental personnel to determine the flow of accounting information and controls placed in operation. The scope of our engagement did not include testing the operating effectiveness of such controls.

Our procedures were not designed to express an opinion on the internal controls of the District, and we do not express such an opinion. Additionally, because of inherent limitations of any internal control, errors or fraud may occur and not be prevented or detected by internal controls. Also, projections of an evaluation of the accounting system and controls to future periods are subject to the risk that procedures may become inadequate because of changed conditions.

We would like to express our appreciation for the cooperation and assistance that we received from the District's administration and other employees during our engagement, especially the Business Office personnel.

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

Cullen & Danowski, LLP

April 17, 2017

PELHAM UNION FREE SCHOOL DISTRICT

Introduction

April 17, 2017

Chapter 263 of the Laws of New York, 2005 requires all districts to create an internal audit function. The creation of this function requires districts to engage either a qualified audit firm or individual to make an initial risk assessment of the design of the district's internal controls; annually update this assessment; and, periodically test these controls for operational effectiveness and efficiency. This report addresses the second requirement, which is an annual risk assessment update.

Internal controls are the checks and balances over the various processes or functions that comprise the operations of a district. As previously mentioned, we have identified the following key processes to be considered in the risk assessment update (Note: each one of the key processes is comprised of sub-functions.)

- Governance and planning
- Accounting and reporting
- Revenue and cash management
- Payroll and related benefits
- Purchasing and related expenditures
- Facilities and equipment
- Student services
- Student related data
- Information technology

One key element in any internal control system is the concept of **segregation of duties**. This concept ensures that one person cannot execute a transaction without at least one other individual checking his or her work. Of course, where segregation of duties is not feasible, the district can employ compensating controls.

Nevertheless, there are some important concepts that should be understood when reviewing internal controls. These concepts are:

- An internal control system is designed to provide reasonable but not absolute assurance in safeguarding the assets of the district.
- The concept of reasonable assurance recognizes that the cost of the internal control should not exceed the benefits derived.
- There are inherent limitations that should be recognized in considering the potential effectiveness of any internal control system, e.g., errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. More importantly, it is **collusion** that poses the greatest threat to any internal control system. If two employees collude in order to circumvent the controls set up by the district, they could perpetrate a fraud.

The initial risk assessment required the internal auditor to obtain an understanding of both the inherent and control risks associated with the various functions within the District. The risk assessment update requires the internal auditor to identify the changes in procedures, policies, personnel, and systems that may have an impact on these risks and possibly alter the initial risk assessment's level of control risk.

Control risk measures the adequacy of internal controls designed to mitigate the inherent risk within the process. In this engagement, we have assessed the control risk based upon our interview process. The testing of the controls, which is performed during the detailed testwork, could support the lowering of the prior control risk assessment associated with individual processes and sub-functions.

PELHAM UNION FREE SCHOOL DISTRICT
Introduction (Continued)
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We have organized this report into the following four sections:

The first section is a risk assessment table. In this table, we identify the processes or functions that we have reviewed. This table includes our assessment of the control risk associated with each process. There are two control risk columns to reflect the prior year risk assessment level and the current year risk assessment level based on the results of the risk assessment update as well as the detailed testwork performed for selected processes. **Since the testing of controls has not been done for all processes, it is important to note that this table should not be viewed as the final assessment of the District's control environment.** The Risk Assessment Table also includes our suggestions for processes to be tested during the coming year. However, the decision of which processes to review in detail is at the discretion of the Audit Committee.

The second section includes the current observations and recommendations based on new findings identified during this risk assessment update. These are categorized based upon the areas of our audit program similar to the prior risk assessment report and these findings have been considered in the assessment of the level of control risk.

The third section contains the current status of the observations and recommendations that are still open for areas of potential improvement in the District's internal controls or operations included in the following reports:

<i>Report Type</i>	<i>Issue Date</i>	<i>Area(s)</i>
Risk Assessment	May 3, 2016	District Operations
Agreed-Upon Procedures	December 14, 2015	Facilities Operations

These results have been considered in the assessment of the level of control risk.

The fourth section contains the observations and recommendations included in the prior risk assessment and/or agreed-upon procedures reports that are now considered closed. The fact that these items have been implemented or resolved was considered in the assessment of the level of control risk.

Some of the recommendations may require a reassignment of duties and/or an addition to Business Office personnel. However, any enhancement of controls should be done after a careful cost-benefit analysis.

Commissioner of Education Regulation §170.12(e)(4) requires that a corrective action plan, approved by the Board of Education, must be filed within 90 days of issuance with the New York State Education Department.

The District should send the Corrective Action Plan (CAP) along with the respective Internal Audit Report via mail or email to the addresses listed below. The report needs to accompany the CAP to allow the Office of Audit Services (OAS) to reconcile the District's CAP to the report to ensure all items have been addressed (i.e., CAP is not missing anything).

Submission Information – Mail & Email

New York State Education Department (NYSED)
Office of Audit Services (OAS)
89 Washington Avenue
Room 524 EB
Albany, NY 12234
Fsanda133@mail.nysed.gov

Contact

Office of Audit Services
(518) 474-5928

PELHAM UNION FREE SCHOOL DISTRICT
Risk Assessment Table
 April 17, 2017

(L=Low, M=Moderate, H=High)

<u>Business Process</u> Area	*Date of Detail Testing	Control Risk						Proposed Detail Testing
		Prior Year			Current Year			
Governance and Planning								
Governance Environment			M			M		
Control Environment			M			M		
Strategic Planning		L			L			
Budget Development			M			M		
Budget Administration			M			M		
Accounting and Reporting								
Assessing Financial Condition			M			M		
Financial Accounting and Reporting			M			M		
Auditing		L			L			
Financial Oversight			M			M		
Fund Balance Management			M			M		
Revenue and Cash Management								
Real Property Tax			M			M		
State Aid			M			M		
Medicaid			M			M		
Out of District Tuition			M			M		
Use of Facilities		L			L			
Donations			M			M		
Collection & Posting of Receipts			M			M		
Cash Management			M			M		
Investment Management			M			M		
Petty Cash		L			L			
Bank Reconciliations			M			M		✓
Grants and Special Education	3/4/13 **	L			L			
General Processing/Monitoring			M			M		
Grant Application			M			M		
Allowable Costs			M			M		
Cash Management			M			M		
Reporting and Monitoring			M			M		
Compliance			M			M		
Payroll, HR and Related Benefits								
Payments to Employees	3/2/2009	L			L			✓
Allocation of Expenditures	3/2/2009	L			L			✓
General Employee Administration			M			M		
Employee Benefit Administration	11/27/2013	L			L			
Employee Attendance	3/2/2009	L			L			
Hiring/Termination of Employees			M			M		

* Indicates the issuance date of an agreed-upon procedures report (AUP) for that area.

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Risk Assessment Table (Continued)
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(L=Low, M=Moderate, H=High)

Business Process		*Date of	Control Risk						Proposed
Area		Detail Testing	Prior Year			Current Year			Detail Testing
Purchasing and Related Expenditures									
PO System	1/10/2012	L				L			
Payments Outside PO System	1/10/2012	L				L			
Purchasing Process	1/10/2012	L				L			
Allocation of Expenditures	1/10/2012	L				L			
Payment Processing	1/10/2012	L				L			
Travel and Conferences				M			M		
Credit Cards		L				L			
Facilities									
Facilities Maintenance	12/14/2015			M			M		
Construction Planning	12/14/2015			M			M		
Construction Monitoring	12/14/2015			M			M		
Construction Completion	12/14/2015			M			M		
Fixed Assets									
Acquisition and Disposal	11/14/2014			M			M		
Inventory	11/14/2014			M			M		
School Environment									
Safety and Security				M			M		
Student Transportation									
Fleet Maintenance				M			M		
Risk Management				M			M		
Personnel Compliance				M			M		
Facilities Maintenance and Security				M			M		
Food Service									
Federal and State Reimbursement				M			M		
Sales Cycle and System				M			M		
Inventory and Purchases				M			M		
Eligibility Verification				M			M		
Extraclassroom Activity Fund									
General	5/12/2008			M			M		
Cash and Cash Receipts	5/12/2008			M			M		
Expenditures and Purchasing	5/12/2008			M			M		
Inventories	5/12/2008			M			M		
Student Related Data									
Tracking Student Attendance				M			M		
Student Performance Data				M			M		
Information System									
Governance	3/24/2017			M			M		
Network Security	3/24/2017			M			M		
Financial Application Security	3/24/2017			M			M		
Other Application Security	3/24/2017			M			M		
Disaster Recovery	3/24/2017			M			M		
Financial Operations	3/24/2017			M			M		

* Indicates the issuance date of an agreed-upon procedures report (AUP) for that area.

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CURRENT OBSERVATIONS AND RECOMMENDATIONS

None noted.

STATUS OF PRIOR OBSERVATIONS AND RECOMMENDATIONS (OPEN ITEMS)

Security Access

During the time of our review in 2015, the District was implementing a card access system. As part of this implementation, procedures needed to be established to immediately remove access for employees separating from the District.

We recommended that the District develop procedures (in conjunction with procedures to notify the Information Technology (IT) Department of staff changes) to help ensure that access to the buildings is available only to appropriate people.

Risk Assessment Update - April 2016

We understood that a formal procedure had been developed and was in the process of being implemented.

Risk Assessment Update April 2017

While a formal process has not been developed; there appears to be adequate communication between Business Office and IT staff to remove access on a timely basis.

EXTRACLASSROOM ACTIVITIES

Timeliness of Middle School Extraclassroom Deposits

During our review in 2016, we noted that a deposit for ticket sales for the Middle School (MS) Drama Club production with cash collections totaling over \$4,000 was held for over a month, prior to depositing. The dates of the event were January 20th and 21st; however, the deposit was not made until March 4th. There was a note on the Deposit Form indicating that the faculty advisor contacted the Central Treasurer on February 24th to make the deposit; however, the student treasurer was unavailable to count the money that day.

We recommended that deposits be made within 3 days of receipt.

Risk Assessment Update April 2017

This has not been implemented. In our review of deposits, we noted several not made on a timely basis.

High School Extraclassroom Activities

While the basic structure of the extraclassroom clubs did appear to be in agreement with the state requirements, there were a couple of items worth noting:

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Club Treasurer Review of Deposits

The student treasurers for the clubs did not sign-off on the Deposit Forms indicating they were in agreement with the deposit amount.

Risk Assessment Update – April 2014

The Deposit Form was to be updated to include a space for the student treasurer of the club to sign-off on the deposits.

Risk Assessment Update – April 2015

This had not been implemented.

Risk Assessment Update - April 2016

The Deposit Form had been updated to include a space for the student treasurer of the club to sign-off on the deposits. Our review of some deposits and disbursements for the year found that if the club had a student treasurer the Forms were signed. However, there were some clubs that should have had student treasurers but did not (Band and, Chorus). The District should consider accounting for these activities in the Expendable Trust accounts.

Risk Assessment Update April 2017

At the end of fiscal year 2016, the District began accounting for several activities in the Expendable Trust accounts. We noted that some of the remaining clubs still did not have an elected student treasurer, including the Student Government Club, Class of 2017 and Yearbook Club. Our review of receipts and disbursements noted that the Receipts and Disbursement Forms for these clubs did not have a student treasurer's signature. The Central Treasurer indicated that she would work with the faculty advisors to make sure that all clubs elected a student treasurer who will be involved in the deposit and disbursement process for the 2017-18 school year.

Details supporting deposits

The Deposit Form does not contain a space large enough to record an adequate description for deposits. Descriptions for the deposits were not detailed to determine if the deposit was complete. In addition, the Form does not contain a space for the student treasurer to sign off-on the deposit.

Risk Assessment Update – April 2014

The new Deposit Form was to be implemented during the end of the 2013-14 school year. Additionally, procedures for the club advisors were to be drafted to accompany this Form.

Risk Assessment Update – April 2015

This had not been implemented. We understood this would be addressed in the 2015-16 school year.

Risk Assessment Update - April 2016

A new deposit form was implemented during the 2015-16 school year. Our review of a sample of Deposit Forms found that the descriptions were better; however, there were still instances where no description of the

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accounting for the deposit was recorded. The Central Treasurer indicated that she would work on obtaining better deposit descriptions in the 2016-17 school year.

Risk Assessment Update April 2017

Our review of a sample of Deposit Forms found that the descriptions improved for some clubs; however, there were still instances where no description of the accounting for the deposit was recorded or the description was not detailed, (i.e., yearbook sales, drama ticket sales, bracelet sales). The Central Treasurer indicated that she would work with the faculty advisors to improve deposit descriptions in the 2017-18 school year.

PURCHASING
(From AUP Report dated January 10, 2013)

Invoices Exceeding the Purchase Order

We recommended that procedures be documented as to what amount of increase to a purchase order (PO) warrants the Purchasing Agent's review, and procedures be in place to communicate the increase with the requisitioner and departmental approver.

Risk Assessment Update – April 2013

This had been partially implemented. A form had been implemented at the start of the school year, which required the department head to document the reason when the invoice date was prior to the PO date. This completed form was returned to the AP Clerk and a copy was sent to the Assistant Superintendent for Business. The form was completed by the AP Clerk and sent to the department head if the invoice amount exceeded the PO amount. No formal procedure had been documented as to what amount of increase to a PO warranted the Purchasing Agent's review and approval. This issue should be documented in the purchasing regulations.

Risk Assessment Update – April 2014

There had been no change in the procedure.

Risk Assessment Update – April 2015

No formal procedure had been documented for an amount of increase to a PO that warrants the Purchasing Agent's review and approval. The practice had been for the AP Clerk to increase POs for small amounts usually related to shipping charges. We were informed that there had not been any situation in which an existing PO was increased by a significant amount that would have warranted attention and review by the Purchasing Agent. We continued to recommend that a written regulation be developed related to processing payments in excess of the PO.

Risk Assessment Update - April 2016

This had not been implemented. However, during the year, there were a few instances where a PO from the Facilities Department needed to be increased. The Secretary to the Facilities Director obtained an approval from the Purchasing Agent prior to the PO being increased. The District was reviewing the purchasing policy and this issue would be addressed in the revised policy.

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Risk Assessment Update – April 2017

This item is being addressed in the purchasing regulations, currently in draft form. The preliminary purchasing regulations require the Purchasing Agent to review all increases of \$250 over the original underlying purchase order amount.

INFORMATION TECHNOLOGY

Access Changes

We recommended the District formalize a timely notification process for informing the Information Technology (IT) Department about new hires, terminations, and leaves of absence from the District so that the IT Department can add, change or remove security clearance to the respective systems.

Risk Assessment Update – March 2011

We were told that communications had improved significantly related to granting and removing access to and from the District network. However, formal procedures had not been implemented. We recommended that procedures be put into place to ensure access changes were processed on a timely basis after receipt of authorization from appropriate personnel.

Risk Assessment Update – March 2012 – March 2015

In 2012, the Director of Information Technology drafted a proposed procedure to address these issues, but it had not been implemented.

Risk Assessment Update - April 2016

We understood that a formal procedure had been developed and was in the process of being implemented.

Risk Assessment Update – April 2017

No formal procedure has been implemented.

CAPITAL ASSETS

(from the AUP report related to capital assets dated November 18, 2014)

Board Policy

The District policy requirement of an annual physical inventory should be reviewed. Consideration should be given to an annual inventory of a portion of the inventory, with a complete inventory done at some designated number of years.

Risk Assessment Update – April 2015

The policy requiring annual physical inventories needed to be reviewed.

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Risk Assessment Update - April 2016

The policy requiring annual physical inventories still needed to be reviewed. The District was considering requiring a full physical inventory every three years instead of annually.

Risk Assessment Update - April 2017

The Board has not implemented a new policy.

FACILITIES
(from the AUP report related to facilities dated December 14, 2015):

We recommended the District consider implementing the following items to strengthen the internal controls over the financial operations of the Facilities Department:

Purchasing Policy Update

We recommended that the District consider updating the purchasing policy to include the following:

- Develop formal written policies and procedures governing the procurement of goods and services when competitive bidding is not required.
- Develop procedures for threshold amounts required for Board approval for contracts for professional services. Also, procedures should be considered to ensure that all required documents related to the contracts (i.e., insurance documents) are maintained in one place.
- Determine if language should be added to the purchasing policy regarding the threshold amount when a separate District bid needs to be prepared for a Facilities project; instead of using existing District time and material bids or Ed-Data bids.

Risk Assessment Update - April 2017

We have been informed that the District developed draft procurement regulations:

- There is wording in the draft procurement regulations to provide guidelines for procurement of goods and services when competitive bidding is not required. The procedures are being reviewed to determine the appropriate threshold amounts for obtaining quotes when the District makes purchases outside a state contract or an approved bid.
- There is wording in the draft procurement guidelines to address contracts for professional services. The draft regulations authorize the Purchasing Agent to enter into contracts for professional services up to and including \$600. Any contracts for professional services exceeding \$600 must be approved by the Board of Education. All documents related to the contracts are maintained in the originating department.
- Threshold amounts for when a separate District bid needs to be prepared for a Facilities project have not been addressed in the draft procedures.

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Purchasing and Invoice Approval

We recommended that the District consider the following to strengthen controls over the purchasing and invoice approval process:

- We recommended that FM user permissions be changed to systematically route PO requisitions to the Facilities Director for approval, after the Facilities Secretary entered the requisition or required the Facilities Director to manually approve the PO requisitions. The process would then remain the same for the Purchasing Clerk to review and approve the requisition prior to the final approval by the Purchasing Agent. Additionally, we recommended that the Facilities Director review and approve all invoices for Facilities services and discontinue the use of a stamp approval. Additionally, when work was completed in the field, the individual overseeing the work would also sign-off indicating that the work was completed. In the cases where a third-party consultant reviewed the invoices the approval would be attached to the invoice.
- Ensure that the proper documentation for invoices was attached (i.e., detailed vendor quotes and/or pricing from state contracts or co-op bids were attached to be able to match to bid prices and prevailing wage documents, and contract or co-op bid numbers be included in the PO). Additionally, emergency situations would be documented in the body of the PO. We further recommended that these procedures be shared with the Claims Auditor to facilitate his review. The Claims Auditor would also report on any exceptions.

Risk Assessment Update – April 2017

We have noted the following update with respect to controls over the purchasing and invoice approval process:

- The user permissions in FM have been changed to systematically route PO requisitions to the Facilities Director for approval. The Secretary to the Facilities Director enters all PO requisitions in FM; they are routed to the Facilities Director for approval, along with any hard copy back-up documentation to review. All invoices are reviewed and approved by the Facilities Director; the use of a stamp approval has been discontinued. When work is completed in the field, the Facilities Director either receives a verbal approval from the person overseeing the work or for large projects the Facilities Director will visit the site to check the completion. (This issue is now closed)
- The Department has begun to ensure that proper documentation is attached to invoices; however, in our review of the circular driveway work done in the summer of 2016 for \$71,868, we were not able to support the amount charged on the invoice to the bid utilized for the project.

Bid Process

- We recommended the following to improve the bid process:
 - A list of bids received would be documented for each bid opening and placed in each bid file.
 - If a bid had labor and material mark-up components, a Bid Tabulation Form would be created and completed for each bid to ensure that the lowest bidder was selected. This Form would be reviewed and approved by the Assistant Superintendent for Business.
 - For any bids that were renewed each year, an Excel spreadsheet would be prepared with the new rates for each vendor. This spreadsheet would be provided to the Claims Auditor to facilitate the review of invoices.

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- The District would develop procedures documenting a threshold amount for the review of material invoices. The District would also consider updating bid language for items not originally included in the specific bids, including requirements for when material needs to be purchased, and a mark-up or mark-down percentage would be included in the bid specifications. Additionally, language would be added to the District bids to require vendors to provide third party invoices, where applicable, to be able to substantiate mark-up or mark-down percentages.

Risk Assessment Update – April 2017

We have noted the following update to the bid process:

- We note that there is no bid checklist prepared and attached in the bid file (i.e., listing of all bids sent out and received along with the date and time received, advertisement from newspaper for bid, bid tabulation form, etc.). The bid checklist should be reviewed by the Assistant Superintendent for Business, prior to the bid being Board approved.
- We note that a Bid Tabulation Form was created and is used for all bids that have a labor and material mark-up component to ensure that the lowest bidder is selected.
- The Secretary to the Facilities Director maintains an Excel spreadsheet for all bids that are renewed with the new rates for each vendor. A copy of the new rates is placed in each bid file and attached to the invoice.
- Language has been added to the District bids that, when requested, the vendors are required to provide third party invoices to substantiate supply and material costs subject to mark-up or mark-down percentages. The Facilities Department practice is to use a threshold amount of \$5,000 to review material charges. This is not included in the draft procurement regulations.

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STATUS OF PRIOR OBSERVATIONS AND RECOMMENDATIONS (CLOSED ITEMS)

PURCHASING

(From Risk Assessment Report dated May 3, 2016)

Vendor Changes and Review

Vendor changes were not recorded on a form, but were either communicated to the Accounts Payable (AP) Clerk via telephone call or email from the Department requesting the change. Also, there was no formal review of the vendor changes by a second person.

We recommended that an audit trail report be reviewed on a monthly basis and appropriate inquiries made regarding unusual changes.

Risk Assessment Update April 2017 (This issue is now closed)

We note that the Treasurer runs an FM audit trail report, reviews it, and obtains explanations for vendor changes. The report is then signed and filed. The AP Clerk still has access to make vendor changes; however, this responsibility has been moved to the Staff Assistant for Finance and Administration. We have been informed that requests for vendor changes are made through email or a phone call to the Staff Assistant for Finance and Administration. A form has also been developed using Google docs to allow for efficient processing.

CAPITAL ASSETS

Recommendations (from the AUP report related to capital assets dated November 18, 2014)

Written Procedures

Develop written procedures for the roles and responsibilities related to capital assets, which address the following:

- Procedures for tagging new equipment purchases and accurately recording them in the inventory listing, including the tag number and serial number of all assets.
- Procedures for when items should be tagged (i.e., procedures for items that may not be convenient or accessible to tag).
- Process for notifying the individual responsible for the location of the assets, including any moves, disposals, etc.
- Procedures for updating the information from each school in the capital assets listing, including the review process of the information, how often the information should be updated, and ensuring that all information is received.

Risk Assessment Update - April 2015

All these items were addressed in the draft procedure memo being developed. Business Office staff were performing the day-to-day operations related to capital asset management and would be responsible for ensuring the year-end updates to the asset inventory were complete and accurate.

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Upon adoption of the written procedures, individuals outside of the Business Office would become more involved in the management of capital assets under the supervision of the Business Office.

Risk Assessment Update - April 2016

This was to be addressed by the end of the fiscal year in a procedure memo. The procedures would be discussed with each building, so that they were aware of their responsibilities.

Risk Assessment Update - April 2017 (This issue is now closed)

A procedure for Fixed Asset Inventory was developed, along with detailed roles and responsibilities for each position. These procedures were sent to the appropriate staff and discussed in a meeting where training was provided over the summer.

Physical Inventories

The District should develop a system of regular physical inventories for a portion of the District's assets so that the perpetual records can be verified. Differences between the physical inventory and the inventory records should be investigated to identify discrepancies and to determine if the processes and procedures related to inventory control have been operating as designed.

Risk Assessment Update - April 2015

This issue was under consideration for implementation in the next fiscal year.

Risk Assessment Update - April 2016

This was to be addressed by the end of the fiscal year in a procedure memo. The procedures would be discussed with each building, so that they were aware of their responsibilities.

We noted that the IT Department had a procedure in place to perform an annual inventory over the summer of all IT equipment at each building. This updated information was sent to the Business Office to update the master inventory records. The Business Office would review these reports to understand if the systems to record and update equipment inventory were functioning as designed.

Risk Assessment Update - April 2017 (This issue is now closed)

The annual inventory of IT equipment did not occur last summer; however, CBIZ performed a full inventory this winter. The results of this inventory will be compared to the District's inventory and any discrepancies investigated.

Additionally, a procedure for Fixed Asset Inventory was written, along with detailed roles and responsibilities for each position. These procedures were sent to the appropriate staff and discussed in a meeting where training was provided over the summer.

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FACILITIES

Recommendations from (from the AUP report related to facilities dated December 14, 2015):

Tracking of Expenses Against Facility Budget

We understood that the District Treasurer would work with the Facilities Director to prepare detailed budget worksheets when preparing the 2016-17 budget. We recommended that the budget worksheets then be used as a tool for the year to ensure that all expenses were charged to the correct budget codes. Additionally, the Facilities Director, if added as an approver of all Facilities PO requisitions, would check that the budget code on the PO is correct. We also recommended that if there were insufficient funds in a budget code a budget transfer be prepared on a timely basis.

Risk Assessment Update – April 2017 (This issue is now closed)

A detailed spreadsheet has been prepared and is maintained by the Secretary to the Facilities Director. It is reviewed by the Facilities Director and the Treasurer. Additional budget codes have been added to better track projects. All PO requisitions and the amounts are recorded in the spreadsheet and regularly reconciled to FM reports to ensure that they agree. A review of the Facilities budget codes to date for the 2016-17 year found that to date there was only one budget increase for Facilities projects and it was processed timely.