



HUDSON CITY SCHOOL DISTRICT

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HUDSON CITY SCHOOL DISTRICT CORRECTIVE ACTION PLAN

For the 2018-2019 Risk Assessment (Internal Audit)

Payroll:

Comment: During the testing of 30 employee files for appropriate documentation, the following was noted:

- All employees requiring certifications and transcripts for their positions had the appropriate documentation on file.
- Form I-9 proof of ID was located on all 30 employees as was the oath of office.
- All employees also had their fingerprint clearance noted in their files as required.
- 2 of 30 employee applications could not be located.
- 8 of 30 employees did not have reference checks indicated as taking place in the employee files.
- 2 of 30 employees did not have their appropriate retirement application/declination on file.
- 1 employee did not have a Federal withholding form on file that matched the amount being withheld.

Recommendation: The district may want to develop “onboarding” checklists to ensure all documents are obtained and filed in the employee’s files. Since employment files are extremely important and contain information that can be requested by the employee, a regulatory agency or required for retention schedules, the district should ensure the files are complete and accurate.

District Response: The district has a very comprehensive “onboarding” checklist. We will review it and make some updates if needed.

Comment: The district does not consistently call or check references of substitutes as long as there is fingerprint clearance for the employee. We were told that this is due to the shortage of substitutes.

Recommendation: Although we agree there is a shortage of obtaining subs, references should be checked to ensure the district is performing due diligence on employees who interact with district students.

District Response: Our HR manager interviews all subs, and the building administrators check all references

Comment: Salary notices are issued to new employees and on an annual basis. This is considered a best practice. However, during our review, we noted that the salary notices are sent/received through an employee’s email. The records are maintained on the sending employee’s email. They are not printed and placed in an employee’s file.



Recommendation: Employment records have specific retention schedules established by the State during and after employment. Additionally, a centralized filing system provides for ease in researching employee data. In conjunction with Recommendation #1 above, employee files should have a checklist noting the contents of the files should be maintained in a centralized manner.

Districts Response: The district believes the best way to distribute salary letters is through email, we agree with the recommendation of printing out the letters and putting them in a centralized location. Currently the district has personal files in many different departments. The business office and HR department will work together to figure out the best location.

Cash Receipts:

Comment:

1. Three ACH cash receipts were noted in which the attached documentation did not support the transaction. These transactions were from the State of New York.
2. One invoice for building use was changed by the customer after the invoice was issued and the customer paid the lesser amount. The invoice was changed by building and grounds after receipt of the check.
3. Documentation from the pool area, entry or rental, should have support that can be "auditable". (e.g. Number of entries with pre-numbered tickets, copy of approval form for rental, etc.) The receipts from the pool did not have documentation that could be traced back to the actual number of admittances, or fees.

Recommendation: All receipts should have supporting documentation to ensure all entries have been properly recorded. If there are discrepancies for building use fees, a new invoice should be issued with documentation of a price change.

District Response: 1) The ACH deposits were from the department of Tax and Finance regarding our utility tax, we corrected our process and now are putting a more detailed report with our receipts. 2) We changed our process with building and grounds and no longer accepted checks that do not match the invoices. 3) We gave the pool director additional training on proper documentation and now all of his information is "auditable".

Payables and Disbursements:

Comment: There were two disbursements to employees for expenses covered by a collective bargaining agreement. The payments were made from summary billings and/or statements. Itemized billings should be included for all reimbursements to ensure only the payments covered under the CBA are being paid.

Recommendation: A review of past employee reimbursements should be reviewed to ensure all payments were in compliance with the CBA.

District Response: The purchasing assistant now makes sure we have itemized billing when reimbursing employees and he's also reviewing past reimbursement to employees and will make corrections as needed.

Comment: One reimbursement was for hotel expenses resulting from a conference. Itemized hotel expense details were not included with the reimbursement. One of our samples was for a

payment of \$166.25, in late fees. This is not a proper use of public funds. A review of the Claims Auditor's report noted that none of the exceptions listed above were noted by the Claims Auditor. The review of the Claims Auditor Reports noted the Board is not receiving the part of the report that lists the exceptions identified by the Claims Auditor.

Recommendation: The procedures for assembling claims for payments should be reviewed to ensure proper documentation is included with all payables. Any incomplete information should be sent back to the person or entity requesting payment.

During the review of payments by the Claims Auditor, any payment requests that are incomplete should be returned and payment denied until the information is complete. Additionally, any actions taken by the claim's auditor should be reported to the Board as part of the monthly reporting package.

District Response: The district agrees with the recommendations, and will make any necessary adjustments to its procedures, to make sure all proper documentation is with each disbursement. Also the board now receives the entire claims auditor report.