



HUDSON CITY SCHOOL DISTRICT

Jonathan (Jesse) Boehme

School Business Administrator

215 Harry Howard Avenue

Hudson, NY 12534

Phone: (518) 828-4360 ext. 2100 Fax: (518) 697-8315

Hudson City School District
Corrective Action Plan
2019-2020 Risk Assessment (Internal Audit)

Financial Reporting, Budgeting, and District Governance

Comment:

Written operational procedures are important for maintaining consistency of operations and ensuring certain tasks are completed properly. Written policies and procedures also assist when new or alternate personnel must complete the required responsibilities. The COVID 19 pandemic has put additional strain on many departments and as a result, procedures have had to be done by alternate individuals or remotely. Based on discussions, policies for various functions may need updating to incorporate "remote operation". (e.g. Human resources, payroll, and treasury operations.)

Recommendation:

An update is written operational procedures to adapt to the possibility of remote operations or alternate personnel needing to perform duties

District Response:

Written operational procedures will be updated to adapt to the possibility of remote operations or alternate personnel needing to perform duties.

Comment:

During our previous Risk Assessment, we recommended the Claims Audit reports be delivered to the Board with any exceptions noted. We noted that these reports have since been submitted to the Board. At the time of our review, and we assume as a result of COVID, the claims auditor has not met with the Board or Audit Committee in person. It is recommended that this meeting takes place at least once a year.

Recommendation. As soon as practical the Claims Auditor should meet in person with the Audit Committee, and/or Board.

District Response: The Claims Auditor met with the Board of Education at the December 15, 2020 board meeting. The Claims Auditor will be scheduled at least annually to meet with the Board of Education.

Payroll

Comment: There were no significant changes in personnel or processes, therefore, the risk(s) associated with these functions remains unchanged. We also noted the district has responded to last year's internal audit of payroll and has begun implementing corrective actions.

Recommendations: The district should continue to monitor the corrective actions of the previous audit. Due to the changes in personnel schedules as a result of COVID, any pro-rated transactions, or payments requiring additional entries should be reviewed by the Business Official as part of the payroll certification process.



Corrective Action Plan
2019-2020 Risk Assessment
(Continued)

District Response: The Business Administrator currently reviews and signs off on all payroll changes, and we will continue this practice for the future. Corrective action plans from previous audits will continue to be monitored.

Cash Receipts

Comment:

1. Board policy #6670 "Petty Cash" and #6100 - "Accounting Policy" conflict with each other. Policy 6670 states petty cash cannot exceed \$200, while policy #6100 states the maximum allowable is \$100. Accounting to NYS regulations, petty cash cannot exceed \$100.
2. Through inquiry we noted that petty cash isn't collected at the end of the school year and reissued at the beginning of the following year.
3. Invoices for building use are sent out by the Buildings and Grounds department. This is a process that should be held within the business office.
4. During the test of the 30 cash receipt transactions we noted two transactions in which the cash was received but not turned into the business office and deposited to the bank promptly. (16 days and 21 days.)

Recommendations: The Board policies for petty cash should be updated to reflect compliance with regulations. Procedures should also require petty cash to be collected each year. Although during the COVID environment, building use/rental isn't being offered, procedures should be developed to have the business office issue these invoices and track the receivables. Staff should be reminded that cash and checks received should be submitted to the business office and deposited to the bank in a timely manner. (3-4 business days)

District Response: The policy committee will review policies related to petty cash and will make updates to reflect compliance with regulations. Petty cash will be collected at the end of each school year and redistributed at the beginning of each school year. Procedures will be established for building use/rentals to be billed through the business office so receivables can be tracked. The staff has been reminded to get cash and checks to the business office within three to four days for timely bank deposits.

Payables and Disbursements

Comment:

1. 3 purchases were made before the purchasing agent authorizing the purchase by issuing a PO. ("Confirming PO")
2. There were three contracts above \$30K that did not have supporting bid or RFP documentation to identify the method of selection to determine.
3. There is no procedure requiring accounts payable and/or the claims auditor to verify attendance when conferences or seminars are purchased.
4. The Board does not have a policy to comply with the Federal Government's Uniform Guidance regulation.

Recommendations:

1. Employees should be reminded of the purchasing requirements to obtain a PO before making a purchase.
2. Procedures should be developed to obtain and retain documentation for professional service contract purchases. Additionally, procedures should be developed for ensuring attendance at conferences and seminars is obtained for any reimbursement payments.
3. The Board should develop a written policy for compliance with the Uniform Guidance Regulation.

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District Response: Employees have been reminded of the purchasing requirements regarding a purchase order before a purchase. The district requires proof of attendance for all conferences and seminars and will continue to do so. The Policy Committee will review district purchasing policies for compliance with the Uniform Guidance Regulation.

Transportation:

Comments: In August 2018, the NYS Comptroller issued a report on School Bus Safety which was a State-wide audit. This audit had many recommendations and one highlight was that districts are responsible for when they use outside agencies for transportation. A review of the Board's policies noted that there is a policy that authorizes the use of charter buses and field trips. Certain expenses relating to transportation in a COVID environment could impact the district's finances and impact transportation aid.

Recommendations: The district should review the board policies and current practices for vetting and monitoring charter bus services for special runs and/or field trips based on the State's recommended practices. The expenses related to transportation that may be affected by COVID or state aid should be identified and evaluated to assist in future budgeting.

District Response:

The District will review policies and current practices for charter bus services for special runs and field trips based on the State's recommended procedures. The Business Administrator reviews all transportation invoices and contracts to ensure that our state aid is not affected.

ExtraClassroom Activities Funds:

Comment: The impact of the COVID environment suspended the ECAF program before the end of the school year. As a result, we didn't interview the central treasurers or perform any testing.

Recommendation: The district should continue to evaluate any implementation of procedures for ECAF in a COVID environment. Internal controls and sound procedures would need to be maintained for any activities and any funds raised would need to be maintained at the school. This may be difficult to monitor with students in a remote learning environment.

District Response:

The district has had fewer clubs running in the past year due to the COVID-19 pandemic. The clubs that continued to run are still maintaining Internal controls and sound procedures in a remote setting.