


Memo

To: Board of Education
From: Linda Steinberg, Business Manager 
C: Greer Rychcik, Superintendent of Schools
Barbara Sparacino, District Treasurer
Alec Sobin, Internal Auditor
Date: March 6, 2017
Re: Corrective Action Plan for the 2016-2017 Internal Audit

The following are our suggestions for corrective action based on recommendations in the internal auditors' 2016-2017 report.

Issues Related to Fixed Assets: The internal auditors' report states, "During our review, we ascertained that the records are maintained thru the use of *AssetMaxx* software. We also found that a physical inventory is performed every five years thru NYSIR using the C-Biz company. When the physical inventory is performed, it appears that there is no tie in with the records as maintained."

1. **Recommendation #1: Fixed Asset Tracking**

The internal auditors recommend that the district "use only one company to perform the physical inventory and then complete the process by providing updated Depreciation Schedules for the District to use as updated inventory records. This way, the District could see changes that have occurred that you may not have been aware of."

Corrective Action Plan: Because CBIZ, Inc. conducts the physical inventory every five years, the District will contract with them to track the district's fixed asset inventory and provide updated depreciation schedules annually.

2. **Recommendation #2: Fixed Asset "Spot Checking"**

The internal auditors suggest that "inventory spot checks be performed on a yearly basis to ascertain that assets are in place according to the records. This could be done by rotating buildings or whatever method you choose."

Corrective Action Plan: The Purchasing Agent will "spot check" fixed asset inventory semi-annually and report his findings to the Board of Education.

Review of Purchasing Procedures: The internal auditors' report states, "We reviewed the Purchasing Procedures and Controls in place for the District" and that they have "additional recommendations."

3. **Recommendation #3: Provide Purchasing Agent with Budget Detail of Equipment**

The internal auditors suggest that the purchasing agent "be provided with the Budget Detail of equipment to be purchased... When a request comes thru to purchase equipment he should compare the request to the Budget detail. If the item does not appear on the list, he could then question the request."

Corrective Action Plan: Each year, the Purchasing Agent will be provided the detail of the equipment budget. He will use that to compare to equipment purchase requests and will question any that are different than detailed in the budget.

4. **Recommendation #4: Signature on Purchase Order copies**

The audit report states, "In reviewing invoice packets, we noted that a signed Purchase Order was not included for the Claims Auditor to verify approval of the purchase. While a copy of the Purchase Order is included, we would recommend that the packet include a signed Purchase Order, if possible.

Corrective Action Plan: The accounts payable clerk will ensure that each "invoice packet" includes a PO copy with the purchasing agent's signature affixed.

5. **Recommendation #5: Deputy Purchasing Agent**

The auditors noted that "the District recently appointed a Deputy Purchasing Agent. It should be noted that according to NYSED, the Purchasing Agent is the only person legally authorized to commit the District for a purchase. The Board may not appoint a "Deputy Purchasing Agent" to act in the absence of the Purchasing Agent. We recommend that this appointment be rescinded".

Corrective Action Plan: The Board of Education rescinded the appointment of "Deputy Purchasing Agent" at their 3/9/2017 meeting.