

BUSINESS & FINANCE DIVISION

Report No. 37

OGDENSBURG CITY SCHOOL DISTRICT  
OGDENSBURG, NEW YORK

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SUBJECT: Board Acceptance of Internal Risk Assessment Audit 2019 and Corrective Action Plan

DATE: August 26, 2019

REASON FOR BOARD CONSIDERATION:

As required by NYSED & NY OSC, The Board of Education must approve the corrective action plan of the district in response to the recommendations included in the audit for 2019.


FACTS AND ANALYSIS:

The 2018-2019 Internal Audit has been completed by Seyfarth and Seyfarth, Certified Public Accountants, P.C. A formal response to the auditor's recommendations, a corrective action plan, must be prepared and approved by the Ogdensburg Board of Education and submitted to the State.

RECOMMENDED ACTION:

Moved by \_\_\_\_\_ and supported by \_\_\_\_\_,  
that having the recommendation of the Superintendent of Schools, the Board of Education of the Ogdensburg City School District does hereby approve the Internal Audit and Corrective Action Plan to be submitted to SED on August 27<sup>th</sup>, 2019 on this day August 26<sup>th</sup> 2019.

APPROVED FOR PRESENTATION TO THE BOARD:

  
Superintendent

KK/pks

# Ogdensburg City School District

1100 State Street  
Ogdensburg NY 13669

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Patricia Smithers  
Business Manager  
(315) 393-7912 Ext. 40280  
Fax: (315) 393-2767

New York State Education Department  
Office of Audit Services  
89 Washington Avenue, Room 524 EB  
Albany, NY 12236

August 26, 2019

Dear Sir or Madam:

As required in the regulations of the New York State Education Department, we are responding for submittal of a Corrective Action Plan in regard to the Internal Audit of the Ogdensburg City School District by Seyfarth and Seyfarth, Certified Public Accountants, P.C. Following is the corrective action for the recommendations in the Internal Audit Report.

- 1) A committee will be formed to look at all areas of facility use and the process from beginning to end. A clear procedure will then be brought to the Board of Education for approval.
- 2) We are beginning to utilize the security and door aid that is available to district's. A procedure will be established to improve upon the system we have in place, until a full plan can be accomplished.

If I can be of further assistance, please contact me at 315-393-7912 ext. 40280 or [psmithers@sliboces.org](mailto:psmithers@sliboces.org).

Sincerely,

Patricia K Smithers  
Business Manager  
Ogdensburg City School District



**Enlarged Ogdensburg City School District  
Risk Assessment Update  
Targeted Risk Assessment Results  
2019**

## **Executive Summary**

### ***Objectives:***

- Update the District's risk assessment.
- Identify areas to perform targeted procedures based on input from management and our risk assessment.

### ***Risk Assessment Process:***

- Updated our understanding of the District and its operations.
- Interviewed various members of the Management team.
- Performed data analytics.

### ***Targeted Area Results – Facilities Use:***

- Complicated process requires significant effort from high level administrators.
- Billing decisions may not be consistently applied. Approx. 40% of external users of the District's facilities were not charged a facility use fee during the test period.
- Fee schedule does not provide for additional charges due to overtime or additional staff requirements.

### ***Recommendations – Facilities Use:***

- Apply policies and regulations regarding facilities use and charges consistently to all requests.
- Streamline and automate the process.
- Review the pricing structure and consider developing a standard cost schedule based on the estimated costs at the time of the request.
- Consider collecting payment prior to usage. This would reduce billing related costs in the Business Office.

### ***Targeted Area Results – Building Access:***

- Controls over keys and FOBs do not appear to be effective. There are at least 296 enabled FOBs and 50 keys that do not appear to have a valid reason to be active.
- No formal process of communication.
- Staff assigned key collection responsibilities have no enforcement tools.
- FOBs have an expiration date of 2099.

### ***Recommendations – Building Access:***

- Adopt clear policies and regulations regarding keys and FOBs.
- Consider making all building entry points keyless.
- Determine who should be entrusted with FOB issuance. For example, IT, main office, buildings and grounds or other.
- Annual review of outstanding FOBs and keys to make sure that only necessary FOB and keys are active or outstanding.

## **Objectives**

The objectives of this engagement are to complete a risk assessment for Enlarged Ogdensburg City School District for 2019. We used accounting and other data from July 1, 2017 through December 31, 2018 in the development of the risk assessment. This risk assessment will identify systems with the greatest risk to the District and make recommendations for the testing of the systems based upon a prioritized list of identified risks. It should be read with a working knowledge of the previous risk assessments.

The objective of the internal auditing program is to furnish management and the Board of Education with independent analysis, appraisals, recommendations and pertinent comments concerning the adequacy, effectiveness and efficiency of the systems of internal control, the quality of ongoing operations and internal compliance with rules and regulations.

## **Scope and Methodology**

The main focuses of our efforts were to update our understandings from previous reports and assess the targeted areas of facilities use and controls over keys and FOBs.

During our work we met with and interviewed various District personnel employed in a variety of areas including the business office, cafeteria, transportation, information technology, grants management and administration. We reviewed various documents such as employment contracts, policy and operations manuals, computer reports, accounting records, personnel and extraclassroom files and grant contracts.

After analyzing the results of our work, we have prepared this report to inform the Board of Education and management of our findings and to present our prioritized list of assessed risk. Throughout the report we have made recommendations for improvements of identified weaknesses.

## **Audit Prioritization and Selection**

The objective of the risk assessment process is to identify and prioritize areas posing the greatest risk and liability to the District. In order to obtain a priority listing, a risk approach was used to rank each of the areas.

There are at least three kinds of risk that should be considered in the risk assessment process. These risks are as follows:

## **Incentives or Pressures**

Incentives or pressures placed on or perceived by management and/or employees often provide them with a reason to intentionally misstate financial information or misappropriate assets. In school districts, this risk may relate to excessive emphasis on

meeting the budget, rumors of layoffs or the perception of being overworked and under compensated. Incentives and pressures can also arise from personal problems such as illness, debts or addictions. In our current economic environment, there is significant incentive/pressure to provide the same services using "alternate" means. In other words circumvent the budget by inappropriately coding expenditures to codes with available budget amounts, using students to raise funds for District functions or by soliciting outside donations or grants without proper Board of Education approval and oversight.

### **Opportunity**

Circumstances existing within an entity can provide the opportunity for misstatement of financial information or misappropriation of assets. Such opportunities can arise from concentration of management in a few individuals, weak Board oversight, poor segregation of duties, or unusual or complex transactions.

### **Rationalization or Attitude**

The attitudes, character, or ethical values of employees may allow them to rationalize misappropriations or financial statement misstatements. They may rationalize that they are paid less than others or that the District can afford it. The Board may set a tone by not implementing corrective actions to audit findings, or management may desire to artificially justify specific programs.

From our discussions with District personnel and our other work, as more fully described later in the report, we did not identify any predominant incentives or rationalizations. The budget has passed for the past several years. However, in many Districts there has been uncertainty related to the timing and anticipated amounts of state aid. There are contracts in place for management and the unions. Employees do not seem to be overburdened with work and the pay scale is comparable to other local Districts.

The overall control environment, consisting of the integrity, ethical values and competence of the administrators and key accounting personnel appears to be strong.

District personnel were interested in the risk assessment process, and were helpful and cooperative in explaining their duties and providing requested documents. The Board and management have set an ethical tone for the District. There appears to be adequate Board oversight.

In the course of our work, it would be difficult to identify personal problems of a specific District employee, but we were not made aware of any such situation. We deemed the following to be key systems for analysis:

- Cash Receipts/Revenues
- Cash Disbursements/Expenditures
- Internal Claims Auditor

- Payroll
- Extraclassroom
- Grants Management
- Management Override
- Financial Reporting
- Technology
- Fixed Assets
- Cafeteria
- Transportation

The following will describe the work we performed on each area, weaknesses and recommendations, and an overall conclusion as to risk.

### **Cash Receipts/Revenues**

Key things to consider in revenue risk assessment are the over reporting of revenue and misappropriation of funds. In school districts, this is not a major issue since a majority of the revenue comes from state aid and property taxes. The revenue from state aid can be readily verified from reports obtained by the State Education Department so it is not easily misstated. Also, these funds are obtained by periodic large checks and wire transfers, so there is not a significant risk of cash being misappropriated.

School taxes are collected by the tax collector. The revenue from school taxes can be matched to the tax levy so overstatement is unlikely. Further, individual taxpayers serve as a checks and balances for misappropriation of tax collections since the City would notify taxpayers if their payments were not properly credited. We consider the risk of significant misappropriation of school tax collections to be low.

We did not notice any incentives or pressures on staff to over report revenue, nor did we notice any misguided attitudes in this area. Based on our analysis, we have assessed the risk over cash receipts/revenues to be moderate.

Controls over grant funding and cafeteria sales will be discussed and evaluated in later sections.

### **Cash Disbursements/Expenditures (Appendix 1 & 2)**

We updated our understanding of these processes. We also used the following data analysis techniques to assist in reviewing this area:

- We reviewed the audit trail for internal control inconsistencies. None were noted.
- We reviewed the audit trail and determined that the Purchasing Agent was the only staff member approving POs in the system.
- We reviewed payment transaction data to determine whether payments were properly supported by POs.

We reviewed the results of the analysis (Appendix 1 & 2) and observed the following:

- There were minimal payments w/o POs
- In 2019 there were no payments dated prior to PO date
- In 2019 there were 3 Payments dated 0-5 days of PO date
- In 2019 there were 13 Payments dated 0-15 days of PO date

After considering the policies, controls and our findings, we have deemed the risk surrounding cash disbursements/expenditures to be moderate. While we did note some segregation of duties and access issues, providing opportunity, there are mitigating controls in place that would minimize the potential for misappropriation.

### **Internal Claims Auditor (ICA)**

We interviewed the internal claims auditor, documented our understanding of the procedures followed, reviewed some approved documents, and reviewed the Board's Policy Manual as part of our assessment of the internal claims auditor. We noted that the ICA has received formal training. She also provided us with copies of her reports to the Board of Education which we reviewed.

The internal claims auditor performs one of the most crucial aspects of monitoring a school district's financial accounting system. As such, the internal claims auditor should be familiar with legal requirements associated with school district purchases (i.e. bidding rules), and Board policies. During our interview with the internal claims auditor, it was indicated that she reviews claims to verify conformity with Board travel policies and legal or contractual requirements, such as price quotes or bidding. She does not review investments made to determine if they conform to Board policy.

Based on our review of the internal claims auditor area, we have assigned a risk assessment of moderate to this area.

### **Payroll (Appendix 3)**

We updated our understanding of these processes. While the BOCES personnel responsible for payroll has changed, the basic process remains the same.

We have deemed the risk surrounding payroll to be high. While there are the same deficiencies noted in the cash disbursement area, in the payroll area the mitigating controls are not in place. The segregation of duties issues coupled with weak monitoring, computer access, and other control issues leads to increased risk.



## **Extraclassroom**

This area was reviewed in depth in prior reports.

We noted that the High School Principal was appointed to be the faculty auditor. Generally, the principal cannot be the faculty auditor. Since they are considered to be the head advisor there is an inherent conflict of interest. It is important to conduct the audit on an ongoing basis throughout the year to help correct inappropriate activities and ensure that the students are learning the essentials of running a club. We recommend that the faculty auditor include a review of fundraising activities as a part of their procedures.

We consider the extraclassroom activities to be a high risk area because it involves cash, student funds and the previously discussed conditions. As such it should be considered for a more in-depth review in the next internal audit cycle.

## **Grants Management**

Since grant management and compliance are becoming increasingly important issues, it is vital that both coordinators and members of the business office stay up-to-date with the requirements related to the grants.

We assess the risk over grant management to be moderate. The Shared Business Manager is responsible for the financial component of grants management. Personnel appear to have a good understanding of individual grant requirements, and they are performing some monitoring procedures.

## **Management Override**

One of the presumptions in risk assessment is the presence of management override. We considered management override to be the ability of administrators to circumvent intended policies and procedures, and also administrators' ability to circumvent laws and regulations for which there is no direct District policy or procedure.

Another example of management override is fraudulent financial reporting. This includes the intentional misstatement of information, either through the commission of acts or the omission of facts through such means as manipulation, falsification or alteration of accounting records, intentional misapplication of accounting principles, or omission of significant information.

There were no significant changes noted in this area.

We have determined that there is a high risk associated with management override. The risk is higher at the building level than for financial statement reporting. It is possible for the District budget to be circumvented by teachers and administrators by requiring student funding. It is also possible for teachers and administrators to otherwise

circumvent policies and procedures. In our judgment, the effect of these overrides to the District is of high risk in relation to the other areas studied.

### **Financial Reporting**

In general we feel that the Board of Education is being provided accurate and timely information regarding cash balances and transactions. We rate the risk assessment surrounding financial reporting to be moderate.

### **Technology (Appendix 1)**

Access control is an extremely important component of internal controls. Improper computer access privileges can negate effective internal controls and physical segregation of duties. Furthermore, it may make sensitive information accessible to individuals to whom it should not be available. It is important that management review all computer access privileges on a periodic basis. They should keep the employees' duties and the desired internal control structure in mind as they perform the review. They should make sure that privileges do not circumvent physical segregation of duties and that viewing privileges are granted only to employees that really need the information.

The District should also consider looking into the access issues, password policies, training and other IT issues that were discussed in previous risk assessments. Because of its far-reaching effect on every facet of the District's operations, we would rate the risk over technology to be moderate.

### **Fixed Asset Inventory**

No significant changes were noted in this area.

### **Food Service**

No significant changes were noted in this area. We have deemed the risk over the cafeteria to be moderate. The manager is knowledgeable about these regulations. The relative magnitude of any probable misappropriation in this area is low in relation to the financial statements as a whole.

### **Transportation and Buildings & Grounds**

The District outsources its transportation program. This significantly reduces the risk in this area.

Adequate systems appear to be in place and operating effectively. There is not a large inventory of parts on hand to be misappropriated for personal use. Our risk assessment for the transportation area is low.

We provided the Business Manager with reference material regarding optimizing maintenance staffing. The District may also inquire about training and consulting programs offered by suppliers.

Please refer to Appendix 4 and 5 for further discussions regarding the targeted areas of facilities use and building access.

### **Risk Assessment Summary**

Based on the above analyses, we have ranked the systems as high risk (H), moderate risk (M) or low risk (L):

	2019
Cash Receipts/Revenues	M
Cash Disbursements/Expenditures	M
Internal Claims Auditor	M
Payroll	H
Extraclassroom	H
Grants Management	M
Management Override	H
Financial Reporting	M
Technology	M
Fixed Assets	L
Cafeteria	M
Transportation	L

It is also important for the Board and management to keep in mind the District's strengths that help to mitigate some of the issues discussed previously. Management and members of the business office are interested and want to improve internal controls and operating systems. Building principals are involved in the budgeting and purchasing process and are starting to use WinCap to monitor their budgets and related expenditures.

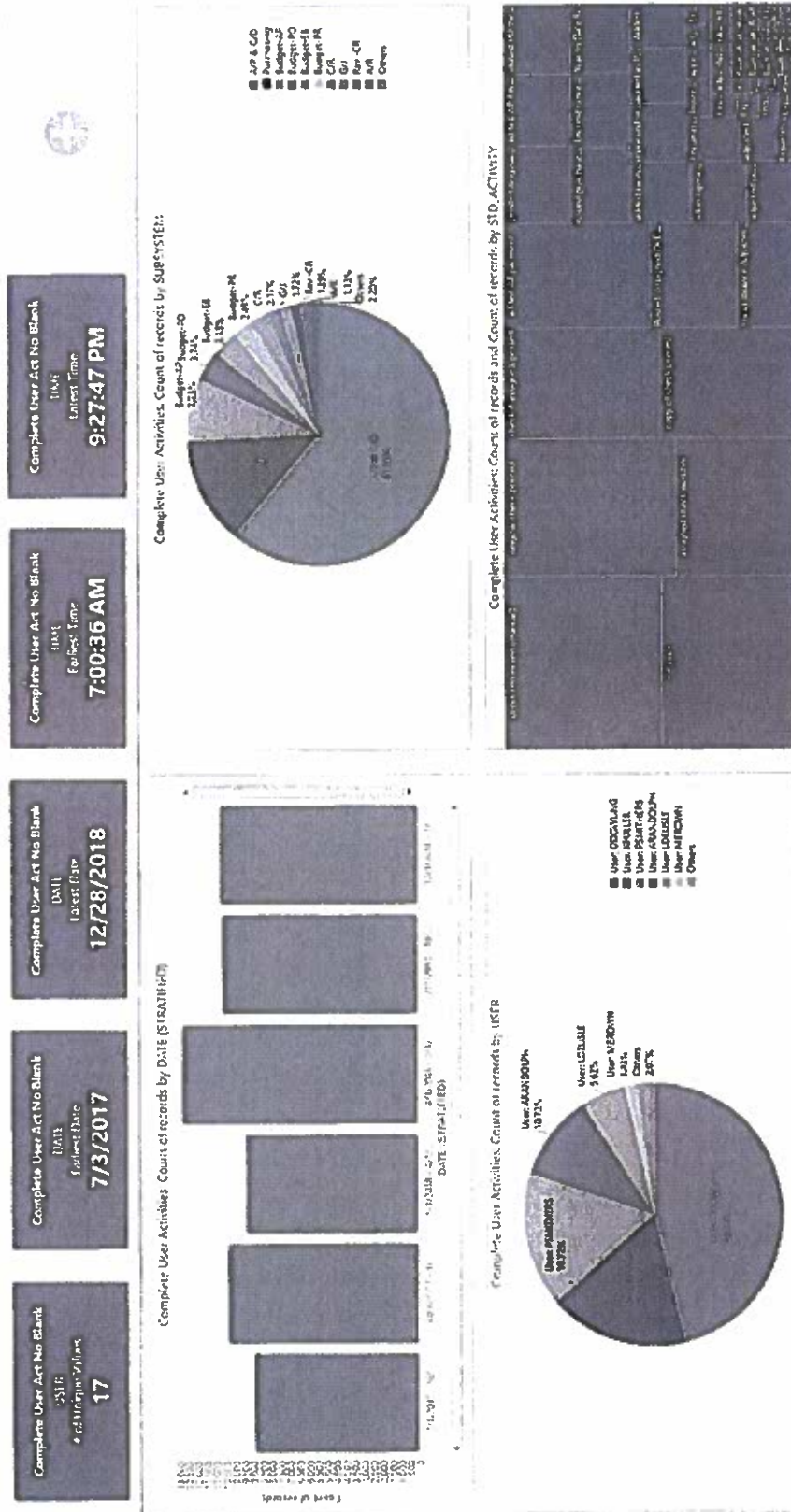
The Board of Education is ultimately responsible for the safeguarding of District assets. The Board meets this responsibility by establishing a structure of internal controls designed to prevent or detect errors and irregularities. It is the Board's duty to make certain that established controls are appropriately designed and operating effectively.

Based on our risk assessment process and discussions with Management, the following two areas were selected for additional review: Facilities Use and Building Access, specifically controls over keys and FOBs. See Appendix 4 and 5 for further discussion regarding these areas.

Based upon our findings and risk assessment, the Board must decide how and when to implement our recommendations, and which areas it chooses to target for further testing. We are available to help the Board establish timelines for corrective action, and to make recommendations on specific testing procedures to be performed during the next phase in the internal audit process.

## Appendix 1 Information Technology Procedures

- We obtained the user activity reports from July 1, 2017 to December 31, 2018. We performed the following procedures:
- We appended all of the individual activity reports into one master report.
  - We reviewed the activity reports for indications of usages that are inconsistent with internal controls. No significant issues were noted.



# Appendix 1 Information Technology Procedures

Users and Subsystems 2019			
	SUBSYSTEM	USER_ID	NO_OF_RECS
1	A/P & C/D	ARANDOLPH	4959
2	A/P & C/D	DDOWLING	16502
3	A/P & C/D	KFULLER	7628
4	A/P & C/D	LDELISLE	2324
5	A/P & C/D	MBROWN	27
6	A/P & C/D	MROBINSON	19
7	A/P & C/D	PSMITHERS	6773
8	A/R	KFULLER	228
9	A/R	MBROWN	80
10	A/R	PSMITHERS	96
11	Budget-AP	DDOWLING	4820
12	Budget-AP	MBROWN	22
13	Budget-AP	MROBINSON	3
14	Budget-BU	DDOWLING	11
15	Budget-BU	HKUNG	1
16	Budget-BU	LDELISLE	1
17	Budget-BU	MBROWN	3
18	Budget-BU	PSMITHERS	119
19	Budget-BU	TDEMERS	1
20	Budget-EB	ARANDOLPH	1042
21	Budget-EB	CAVERS	2
22	Budget-EB	LDELISLE	655
23	Budget-EB	MBROWN	295
24	Budget-GL	KFULLER	1
25	Budget-GL	MBROWN	26
26	Budget-GL	PSMITHERS	125
27	Budget-PO	DDOWLING	1079
28	Budget-PO	MBROWN	2
29	Budget-PO	PSMITHERS	1263
30	Budget-PR	ARANDOLPH	735
31	Budget-PR	LDELISLE	232
32	Budget-PA	MBROWN	294
33	C/R	AXING	398
34	C/R	COGRADY	138
35	C/R	KFULLER	786
36	C/R	MBROWN	1
37	C/R	PSMITHERS	20
38	G/J	KFULLER	474
39	G/J	MBROWN	29
40	G/J	PSMITHERS	275
41	Purchasing	DDOWLING	6515
42	Purchasing	DHOUSE	67
43	Purchasing	HKUNG	73
44	Purchasing	KGEARY	112
45	Purchasing	LBORK	3
46	Purchasing	LFISHER	33
47	Purchasing	MBROWN	19
48	Purchasing	PSMITHERS	1324
49	Purchasing	SBRENNO	30
50	Purchasing	TDEMERS	111
51	Rev-AP	DDOWLING	4
52	Rev-AP	MBROWN	1
53	Rev-AR	KFULLER	411
54	Rev-AR	MBROWN	83
55	Rev-AR	PSMITHERS	62
56	Rev-CR	AXING	202
57	Rev-CR	COGRADY	79
58	Rev-CR	KFULLER	582
59	Rev-CR	MBROWN	1
60	Rev-CR	PSMITHERS	11
61	Rev-GL	KFULLER	241
62	Rev-GL	MBROWN	2
63	Rev-GL	PSMITHERS	21
64	Rev-RV	DDOWLING	27
65	Rev-RV	MBROWN	1
66	Rev-RV	PSMITHERS	20

## Appendix 1 Information Technology Procedures

- We reviewed the activity reports for indications that purchase orders were being approved by someone other than the purchasing agent. It appears that the purchasing agent is the only one approving POs in the system.

### Purchasing Approvals

	SUBSYSTEM	ACTIVITY	APPROVAL LEVEL	USER ID	NO_OF_RECS
1	Purchasing	5 St, added as Pending Order and approved to level 9	9	KGEARY	1
2	Purchasing	FLEXIBL, added as Pending Order and approved to level 5	5	DDOWLING	1
3	Purchasing	added as Pending Order and approved to level 5	5	DDOWLING	557
4	Purchasing	added as Pending Order and approved to level 5	5	MBROWN	5
5	Purchasing	added as Pending Order and approved to level 8	8	DHOUSE	51
6	Purchasing	added as Pending Order and approved to level 9	9	HKING	72
7	Purchasing	added as Pending Order and approved to level 9	9	KGEARY	108
8	Purchasing	added as Pending Order and approved to level 9	9	LBJORK	3
9	Purchasing	added as Pending Order and approved to level 9	9	LFISHER	23
10	Purchasing	added as Pending Order and approved to level 9	9	SBRENNO	30
11	Purchasing	approved request to approval level 8	8	DHOUSE	1
12	Purchasing	approved request to level 5	5	DDOWLING	178
13	Purchasing	approved request to level 8	8	DHOUSE	1
14	Purchasing	approved request to level 9	9	LFISHER	1
15	Purchasing	approved request to level 9	9	TDEMERS	54
16	Purchasing	disapproved request to level 8	8	DHOUSE	1
17	Purchasing	issued purchase order	Yes	PSMITHERS	1272

- We looked for activity on unusual dates or times. (Before or after hours or weekends) We reviewed the activities and did not have any significant concerns.

### After Hours Activities

	USER	SUBSYSTEM	NO_OF_RECS
1	User: ARANDOLPH	Budget-EB	1
2	User: DDOWLING	A/P & C/D	598
3	User: DDOWLING	Budget-AP	196
4	User: DDOWLING	Budget-PO	9
5	User: DDOWLING	Purchasing	71
6	User: LDELISLE	A/P & C/D	140
7	User: LDELISLE	Budget-EB	28
8	User: LDELISLE	Budget-PR	12
9	User: PSMITHERS	A/P & C/D	140
10	User: PSMITHERS	Budget-PO	43
11	User: PSMITHERS	G/I	4
12	User: PSMITHERS	Purchasing	44

**Appendix 1**  
**Information Technology Procedures**

- **WinCap does not provide activity reports for users' activities in the system module, so we were not able to review changes in user permissions.**



## Appendix 2

**\$7208 T15**

PMID Main Funds 2019 Partial  
CHECKNUM  
# of Unique Values

Portx Main Funds 2019 Partial	
C14K_ACCOUNT	
Net Value	10,509,505.27

Prints Main Funds 2019 Partial

CHK_AMCUNT	Maximum Value
	2,027,818.47

**Prints Main Funds 2019 Partial**

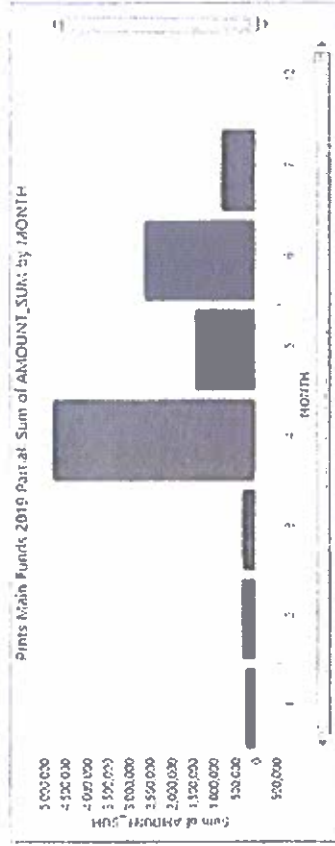
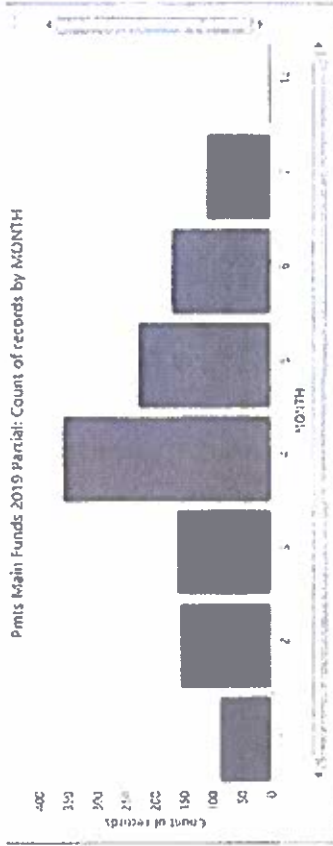
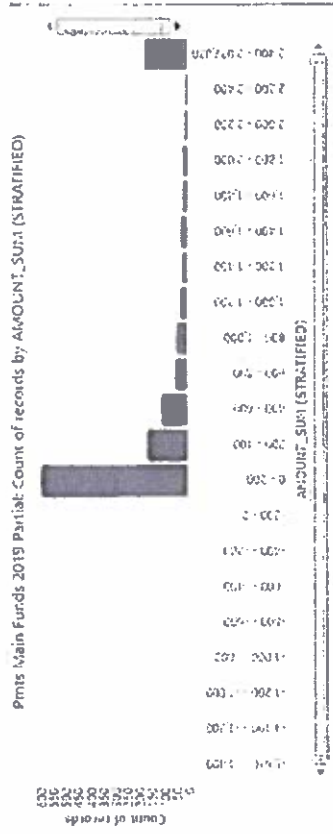
CHK AMOUNT	Average Value
	<b>8,281.72</b>

Prints Main Fund 2019 Partial

DATE	Earliest Date
	6/28/2018

**Prints Main Funds 2019 Partial**

	Date	Latest Date
		<b>1/18/2019</b>





## Appendix 2 Payment and Purchasing Procedures

We performed an analysis designed to review the effectiveness of the District's use of purchase orders. The analysis indicates that the District is fairly effective in its use of purchase orders. In prior audits we had noted several types of payments where purchase orders had not been used and discussed them with the Purchasing Agent, who indicated that he would look into expanding the use of purchase orders. The number of payments without associated POs has reduced. The purchasing agent should consider requiring the use of POs for all appropriate expenditures.

The following chart shows the number of payments by fund and the number of payments by fund that were not related to a PO.

Pmts by Fund vs Pmts w/o POs 2019		Examples of types of payments not associated with POs.
+	Pmts by Fund=A	1,158
	Pmts by Fund=C	93
	Pmts by Fund=F	12
	Pmts by Fund=H	6
+	Pmts Main Funds	1,269
	Pmts No POs=A	40
	Pmts No POs=C	0
	Pmts No POs=F	2
	Pmts No POs=H	5
		A – Legal, transfers
		C - nothing significant or indicative of issues
		F – First Student, Literacy consultant, Reading & Writing Project, SLL BOCES
		H - Architects, Fiscal Advisors, contractors

The following is an analysis of the time differential between when a check is written and the related PO was issued.

Check Dates compared to PO Dates 2019						
Totalled on: CHK_AMOUNT						
Stratum #	>= L Limit	< U Limit	# Records	(%) # Records	CHK_AMOUNT	(%) CHK_AMOUNT
1	0	5	3	0.35	5,599.00	0.06
2	5	15	10	1.16	16,835.10	0.18
3	15	30	63	7.30	103,308.94	1.10
4	30	60	122	19.93	1,913,337.42	20.41
5	60	90	102	11.82	1,780,295.53	18.99
6	90	120	151	17.50	2,950,919.64	31.48
		Lower limit exceptions:	4	0.46	24,152.91	0.26
		Upper limit exceptions:	257	29.78	2,580,414.15	27.52
		Totals:	762	88.30	9,374,062.69	100.00

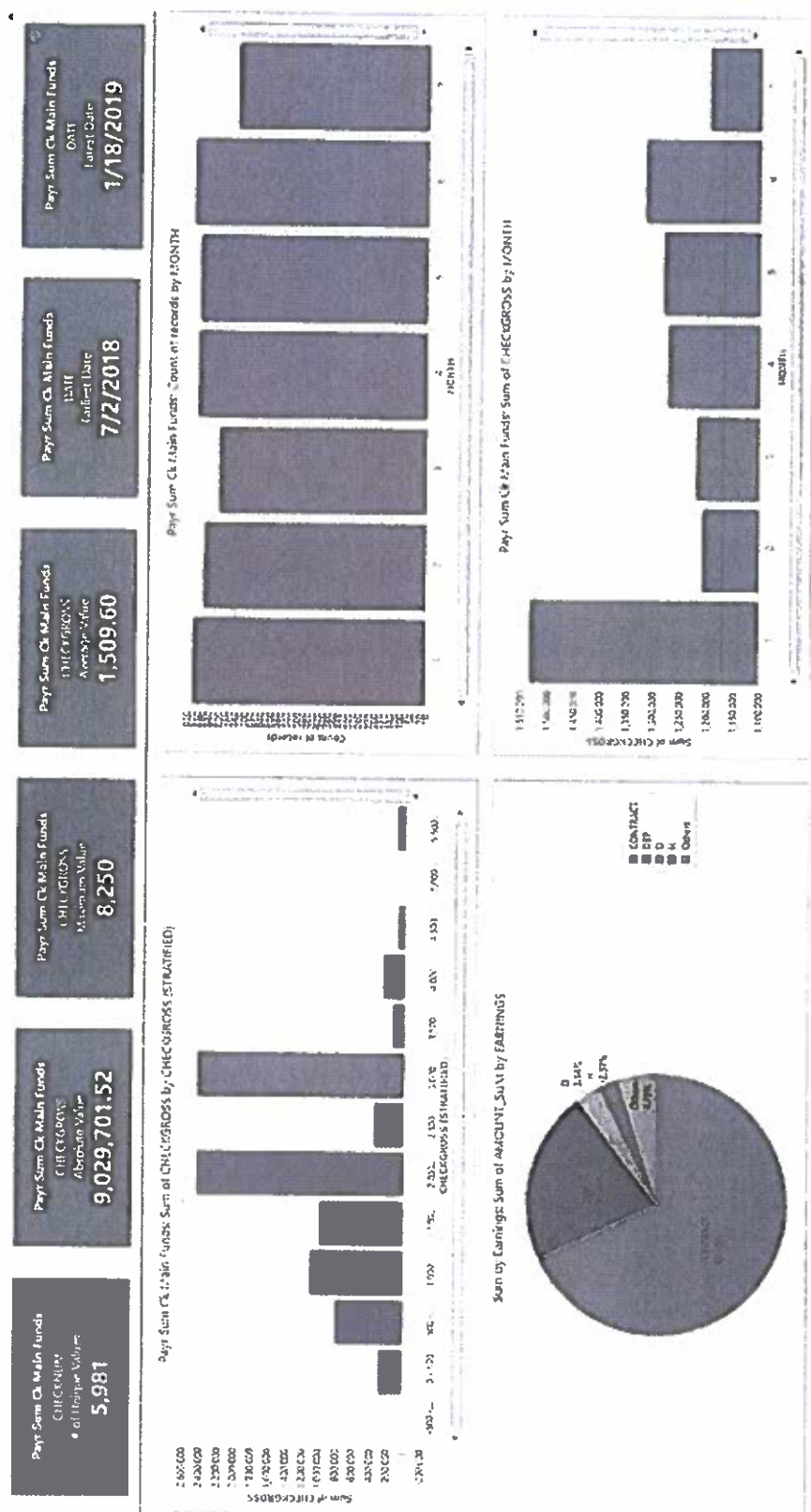
## **Appendix 2**

### **Payment and Purchasing Procedures**

**Generally, there should not be many payments with a very short time between the issuance of a PO and the payment. A very short interval for large numbers of transactions could be indicative of an deficient purchasing system where approvals are rushed, there is a log jam in the process or staff are not properly planning their purchases.**

## Appendix 3

This chart gives an overview of the payroll data for the 2019 school year. Note that the months are calendar months and not the school's fiscal months.



### Appendix 3 Payroll Procedures

Most schools use codes in the payroll system to identify various types of payroll payments to employees. The following table is a summary of payroll payments by code. The blank codes at the top are contractual payments. The table provides a good overview of the types of payroll payments the District is making to its employees.

Payroll Summarized by Adjustment Code 7/1/18 to 1/18/19			
	EARNINGS	NO_OF_RECS	AMOUNT_SUM ▼
1	CONTRACT	3555	6,143,637.59
2	OBP	1955	1,937,138.52
3	D	569	283,523.47
4	H	709	232,183.01
5	O	188	59,652.39
6	C ST	108	51,354.19
7	URVC	18	47,621.66
8	USCK	9	45,870.00
9	CLNG	722	38,802.90
10	LONG	200	33,351.70
11	R&D	100	25,187.50
12	RETI	9	22,000.00
13	UVAC	10	16,098.43
14	ALNG	90	15,336.67
15	MAST	1365	10,423.18
16	NDIF	180	7,387.39
17	SUPV	112	7,212.68
18	D10%	55	6,763.52
19	CONL	60	6,748.16
20	SUBS	15	5,352.24
21	T	3	4,182.32
22	XTRA	76	4,169.21
23	CLON	16	3,680.83
24	TAXT	102	3,662.50
25	TIME	56	3,640.01
26	SUPL	14	3,000.00
27	DEPT	80	2,598.30
28	MASD	120	1,226.58
29	DDIF	35	1,216.00
30	SCR	23	1,194.80
31	ABA	20	1,153.80
32	AB60	45	1,003.98
33	AB75	30	892.34
34	MAIN	15	669.18
35	ACER	2	200.00
36	CHAP	4	188.13
37	MSDF	6	75.08
38	SPVE	1	40.03
39	MDIF	2	7.20
40	DOCK	3	-211.46

## Appendix 4 Facilities Use

We met with appropriate District employees to develop an understanding of the process for using the buildings. This would include both internal and external users.

### **General Principles On Facilities Use**

#### *Authority:*

The School Law Book, 37<sup>th</sup> edition para 64.1 says that “the BOE has the authority to adopt reasonable regulations with regard to granting the use of school buildings to outside organizations. No association or organization has the right to use a school building without the express permission of the Board.” Para 64.17 describes the BOE’s authority to develop a fee schedule to cover the District’s costs. It also says that “Although the issue has not yet come before the courts, failure to charge for such costs might be deemed to violate the state constitutional prohibition against gifts of public funds. (N.Y. Const. art.8 sec 1)”.

The Board of Education’s Policy 3280 Community Use of School Facilities is only a single paragraph and is very vague on use of school facilities. It also gives the Superintendent complete discretion on whether an organization should be billed or provided with free usage.

### **Observations**

#### *Facility Request Form*

The Facility Request Form is available in hard copy from the Superintendent’s Office or on the District’s web page. While the form says that the Organization and activity must each qualify under section Article 414 of the Education Law and School Board Policy there are no descriptions of the law or policies.

Some Districts have automated their facilities use process, significantly reducing the effort required to approve and schedule the activities. They have a very visible section of their website devoted to facilities use, describing the BOE’s policies on acceptable use, charges for using the facilities and other requirements, such as insurance. Much of the paper flow can be accomplished electronically and the calendars updated upon final approval.

#### *Fees*

During our discussions with management there appeared to be some inconsistencies in the application of the usage fees. Some activities were charged yet others were not. Fees might not include all of the appropriate costs, and charges might not be commensurate with the total facilities used. An example of this might be an organization that is charged for one gym but actually used two. There appeared to be a general attitude of being nice guys and helping the community.

## Appendix 4 Facilities Use

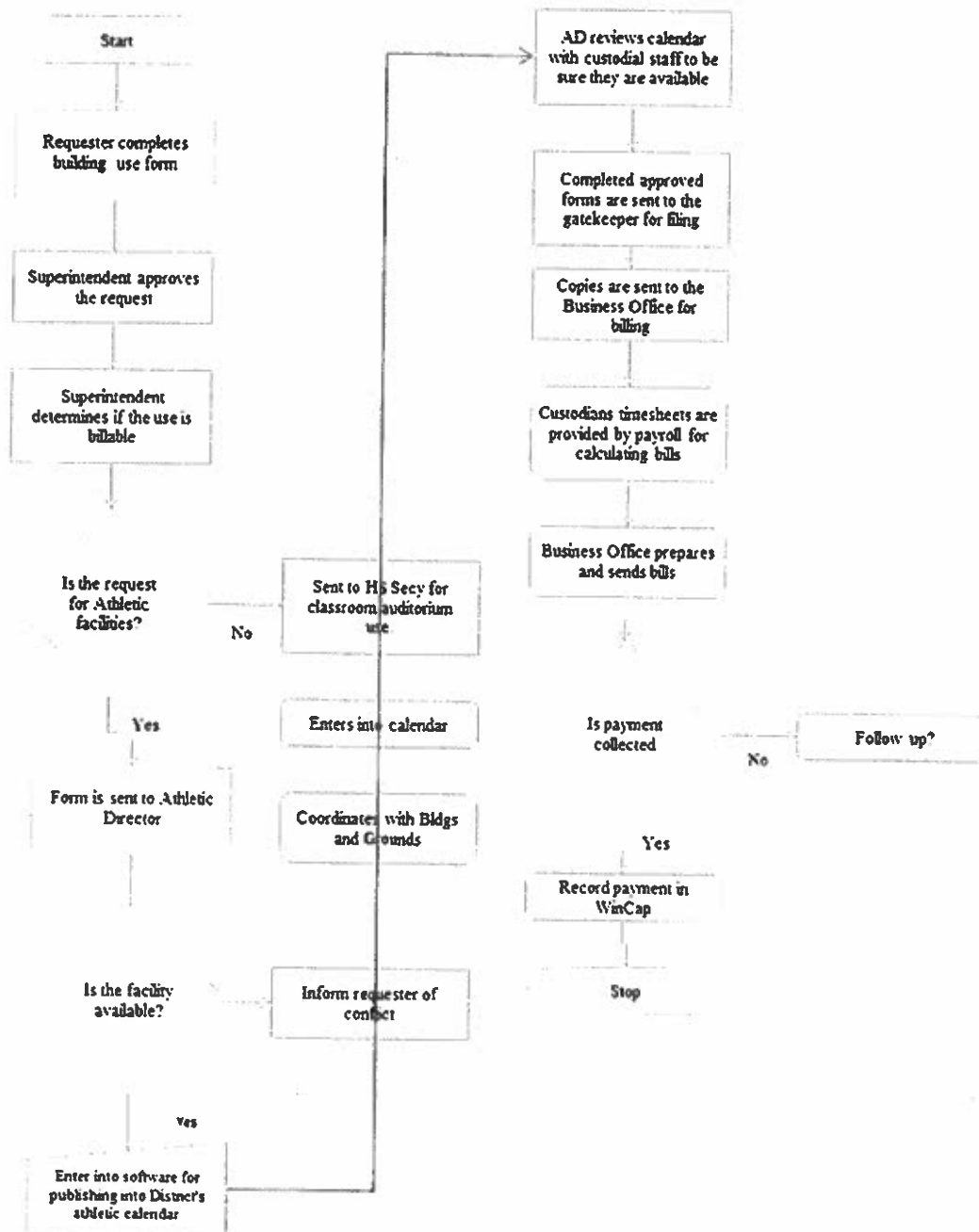
We obtained a data file of Facilities Use related to athletic facilities from 7/1/17 to 12/31/18 from the Athletic Director. We extracted the external users from the list and compared them to the cash receipts for the same time period. There were 30 unique external users during that time period. We did not see any receipts associated with 11 of them. The chart below shows the activities and if they were included in the cash receipts with a customer #.

<b>External Users and Customer #s Blank = no receipts.</b>		
	ACTIVITY	CUST ▲
1	Cancer Survivor's Day (Set-Up)	
2	Cancer Survivors Day	
3	Claxton Hepburn "Health" Career Day	
4	Elks Hoop Shoot	
5	Odyssey of the Mind	
6	Ogdensburg City Rec Basketball	
7	Ogdensburg City Rec Wrestling	
8	Ogdensburg City Recreation Track Camp	
9	Ogdensburg PeeWee Football Playoffs	
10	Ogdensburg Volunteer Rescue Squad Training	
11	Shrine Circus	
12	St. Jude Children's Hospital Bike-A-Thon	
13	Ogdensburg Boys & Girls Club Expo	000069
14	Ogdensburg Boys & Girls Club Expo Set Up	000069
15	Ogdensburg Youth Wrestling	000070
16	Ogdensburg Youth Wrestling Set - Up	000070
17	Ogdensburg Youth Wrestling Tournament	000070
18	Ogdensburg Figure Skating Club	000241
19	Ogdensburg Figure Skating Club	000241
20	Ogdensburg Figure Skating Show	000241
21	Ogdensburg City Rec. Gymnastics	000296
22	Ogdensburg Parks & Recreation Department Gymnastics Camp	000296
23	Ogdensburg City Rec. Family Swim	000301
24	Ogdensburg Minor Hockey	000320
25	Ogdensburg Minor Hockey Banquet	000320
26	Ogdensburg Minor Hockey Swim	000320
27	OLD TIMERS HOCKEY	000321
28	Kiwanis Baseball	001048
29	Ogdensburg Chamber of Commerce Thanksgiving Craft Show	001901
30	Ogdensburg Chamber of Commerce Thanksgiving Craft Show (Setup)	001901
31	North Country Summer Soccer League	001909
32	Ogdensburg Youth Lacrosse	001952
33	SLC Public Health Dept. "Walk with the Doc"	058456

### *Process*

Based on our discussions with District personnel and observations we developed the following flowchart depicting the process used for using facilities.

## Appendix 4 Facilities Use



## **Appendix 4 Facilities Use**

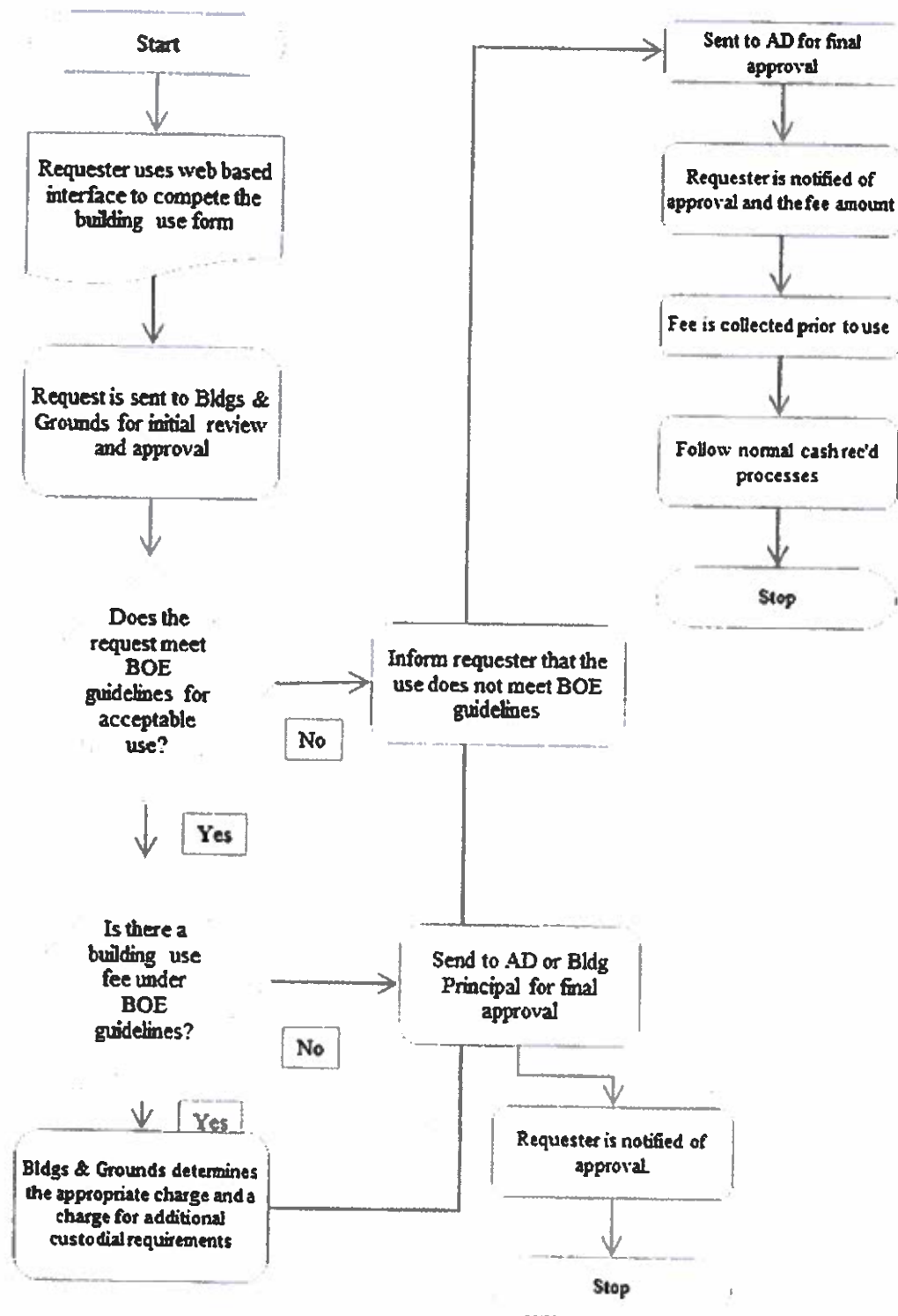
The process is fairly complex and requires considerable efforts on the part of the Athletic Director who is also the HS Assistant Principal. The scheduling is a fairly detailed process. Since Buildings and Grounds is not directly involved in the scheduling further coordination is required to ensure that appropriate manpower is available to staff the event. Furthermore, while the Business Office is supposed to be notified that there are overtime charges, they do not get them and do not bill for the extra costs incurred.

### **Recommendations**

- The Board of Education should adopt a clear policy regarding facilities use. The policy should be available for requesters to review prior to making their request to ensure that their use is within the District's guidelines.
- There should be a clear charging policy. Leaving the decision to charge without a policy could lead to allegations of favoritism or actual inappropriate permission to use District facilities without charge. The policy to charge for facilities use should be consistently applied to all users.
- The District should develop a system for determining if and how much additional charges should be assessed-for example, if overtime or additional staff are required to assist in set up or clean up. One method that the District might consider is to adopt a standard rate and have the Buildings and Grounds Director estimate these fees up front prior to approving the use. See the following chart for a possible alternative process.
- Require fees to be paid up front which would eliminate the billing and collections process.
- Explore scheduling software



## Appendix 4 Facilities Use



## Appendix 5

### Building Access – Keys and FOBs

Exercising proper control over keys and FOBs is essential for ensuring that building security is not compromised. Even the best security systems can be compromised if the keys and FOBs are not controlled.

We obtained an understanding of the process for issuing and collecting keys and FOBs through discussions with the buildings and grounds department supervisor, the employee responsible for control over keys and other District personnel.

#### **Observations**

##### *Keys*

Keys are issued by buildings and grounds upon the approval of a building administrator and are returned to buildings and grounds by administrators when collected.

A building and grounds department employee is responsible for recording the issuance and return of keys using a software program that has not been updated since 1998. This employee indicated that there could be numerous unaccounted for keys at the individual buildings since there is no inventory count of how many keys are in existence.

##### *FOBs*

FOBs are issued and deactivated by the buildings and grounds supervisor upon notification by the Superintendent's office. The FOBs are controlled by the software that operates the buildings' security systems.

##### *Processes*

There does not appear to be a formal process for notifying buildings and grounds when a person no longer has the right to freely access the building (ex. through termination, retirement, contract completion).

There is also no formal exit process whereby keys and FOBs are required to be turned in, and no enforcement mechanism in place if key holders refuse to comply.

##### *Scope*

With the assistance of the District's IT Department, we obtained listings of the keys and enabled FOBs according to the software systems. We compared them to the employee list as of December 31, 2018 with the following results:

## **Appendix 5**

### **Building Access – Keys and FOBs**

#### **Keys:**

There were 199 names listed on the report. We were able to electronically match 99 names to the employee list, leaving 100 as potentially non District personnel. We reviewed the list with the buildings and grounds supervisor. He identified 19 as being vendors, 5 as emergency services (Police, Fire, Border Patrol), 19 as BOCES employees, 37 as retirees, 18 as District staff and 2 unknown. Several of the District staff mismatches could be the result of name changes after the keys were issued.

#### **FOBs:**

The listing indicates that there were 708 enabled FOBs. We matched this list to the list of employees. There were 376 that did not match. We were able to identify 4 as vendors, 24 retirees, 17 Emergency Services, 14 Building Use (subs), 12 BOCES and 9 as possible District staff. There are 296 FOBs that have not been accounted for. We were unable to verify that each of these classifications was correct. We used the health insurance reports and the items indicated in the key section above to determine retirees and the other categories.

#### **Concerns**

- Even the most secure building is only as secure as the controls over the keys.
- There are no procedures for communication with buildings and grounds and no exit process for key return.
- There does not appear to be an enforcement mechanism in place that penalizes key holders that forget or won't return their keys. There were 37 keys held by staff that were not returned upon retirement. The staff member assigned to key management said that in one instance he attempted to retrieve the key and the retiree refused his request. This is not a concern for FOBs as they can be easily disabled.
- There are significant numbers of enabled FOBs and keys outstanding that we could not positively identify a need for.
- Many of the vendors are related to capital projects and the capital project was substantially completed by the start of the school year.
- There does not appear to be a system for verifying keys and FOBs during the year or annually.
- The report lists the FOBs as expiring in 2099.
- Key control software is outdated.

## Appendix 5

### Building Access – Keys and FOBs

#### **Recommendations**

- The BOE and management should adopt clear policies and regulations regarding controls over keys and FOBs. These might include:
  - At least annual renewals for FOBs
  - Determination of access rights
  - Annual review of active FOBs. The review should determine that only active staff, vendors and other users have enabled FOBs. It should also check to be sure that the FOB's access rights are consistent with the user's responsibilities.
  - Notification of staff administering access to keys and FOBs
  - Exit meetings to turn in keys
- Consider making all of the access points keyless to eliminate the need to collect keys or change locks.
- If keys continue to be used, there should be a system at each building to account for each key.
- Consider adding language to contracts regarding penalties for not turning in keys. If main access keys are outstanding there is a risk that there could be inappropriate access.
- Conduct an annual review of outstanding FOBs and keys. This should not be done by the person who is responsible for controlling the FOBs and keys but should be done in conjunction with one or more other knowledgeable staff. For example, a staff member that has access to employee lists, construction projects, vendors, emergency service providers, etc.
- Consider other departments such as IT or superintendent's office to administer the issuance and deactivation of FOBs.
- Consult with the District's insurance company and security system vendor for guidance on best practices.