OGDENSBURG CITY SCHOOL DISTRICT
OGDENSBURG, NEW YORK

SUBJECT: Board Acceptance of Internal Risk Assessment Audit 2021 and Corrective
Action Plan

DATE: March 21, 2022

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 2021.

FACTS AND ANALYSIS:

The 2020-2021 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 March 22, 2022 on this day March 21, 2022.

APPROVED FOR PRESENTATION TO THE BOARD:

_____
Superintendent

KK/kb
Attachment

Ogdensburg City School District

1100 State Street
Ogdensburg NY 13669

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

March 21, 2022

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) We will reinforce to our new employees and all staff that the Requisition and Purchase Order must be completed and approved before any purchase, and all remote approvals will be attached to the final copies. This was implemented immediately and is reinforced continuously.

If I can be of further assistance, please contact me at 315-393-0900 ext. 40280 or kaleb.bertrand@sllboces.org.

Sincerely,

Kaleb Bertrand
Business Manager
Ogdensburg City School District

Enlarged Ogdensburg City School District
Risk Assessment Update
2021

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 Areas – Purchasing (Appendix 2) and Payroll (Appendix 3)

Results-Purchasing:
- POs issued after purchase
- Poor documentation of claims auditor review
- Update purchasing regulation 5410R

Recommendations-Purchasing:
- Purchases should not be made prior to getting the purchasing agent's approval and obtaining a purchase order
- Purchase orders should not be issued after the fact
- Permanent District records should reflect the proper date of claims auditor review
- The claims auditor should report issues to the Board of Education
- Revise purchasing regulation regarding school business manager involvement in obtaining quotes

Results-Payroll:
- Sample items tested for proper approvals, coding and pay rates with minor exceptions

Recommendations-Payroll
- Documentation of supervisor approval should be retained in the District records
- Consider only coding payroll items to wage expenditure codes

FOB Update – See Appendix 4
- Considerable progress has been made
- Active FOBs should be reviewed to see if they should be deactivated

1

Objectives

The objectives of this engagement are to complete a risk assessment for Enlarged Ogdensburg City School District for 2021. We used accounting and other data from July 1, 2020 through June 30, 2021 and prior years 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 area of purchasing and payroll.

During our work we met with and interviewed various District personnel employed in a variety of areas including the business office, cafeteria, information technology, grants management and administration. We reviewed various documents as we considered necessary.

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

2

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.

The COVID-19 pandemic has increased risks in all three of these areas. Illness and family job loss may have provided incentives for committing fraud. Remote working may have created opportunities if normal internal control procedures were not followed or adapted. Employees may have been asked to continue working and even take on added duties when those not working received extra government assistance. We did not identify any of these issues during our internal audit. 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 situations.

These COVID risks will have a continuing impact going forward into the 2021-22 year. In the future years there will be risks associated with the new Federal assistance compliance requirements, and with the District no longer outsourcing transportation. These should be considered in future internal audits.

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.

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.

4

- 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.

Data analysis and detailed testing was done to determine if proper purchasing procedures were being followed. The results of testing can be found in Appendix 2.

The District's Purchasing Regulation 5410R procurement guidelines states that it is the responsibility of the school business official to obtain quotations. The school business official indicated that in practice the employee who wanted to make the purchase was the one getting the quotations. The purchasing regulations should match the procedure being followed. The District may also consider the use of a cooperative procurement management service such as Education Data Services to make the purchasing process more efficient.

After considering the policies, controls and our findings, we have deemed the risk surrounding cash disbursements/expenditures to be moderate.

Internal Claims Auditor (ICA)

We updated our understanding of the internal claims process and procedures which were revised due to the COVID pandemic.

We reviewed the reports prepared by the claims auditor. We did not see where the claims auditor reported instances where purchase orders were issued after goods and services had been ordered/received as discussed in Appendix 2. Since the claims auditor is the Board of Education's "eyes" we recommend that violations of the purchasing policy be reported. This will aid the Board and management in addressing these issues.

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

Payroll (Appendix 3)

Payments to employees represent a significant part of the District's expenditures. For this reason and because of the risk associated with the area, we selected payroll as one of the targeted areas for this year's audit.

A key process in the payroll area is the beginning of the year "rollover" in the computer system to update contractual rates for each employee. The District has a review process in place to verify that the pay rates in the computer system are correct.

As part of our targeted testing, we used various analytical techniques to help identify potentially risky transactions and performed detailed tests on a sample of payroll items as further detailed in Appendix 3.

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.

The Clubs were not as active during the year due to COVID-19.

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. There are new regulations to comply with for COVID assistance.

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

6

student funding. It is also possible for teachers and administrators to otherwise circumvent policies and procedures. This may be at an increased risk in the COVID 19 environment. 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.

Information Technology and Cyber Security (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 timing and frequency of these reviews should be included in written responsibilities in the BOCES contract.

Cyber security, passwords and similar items were reviewed in the 2020 report.

Because of its far-reaching effect on every facet of the District's operations, we would rate the risk over technology to be high.

The charts in Appendix 1 show the WinCap user activities from 7/1/20 to 6/30/21.

Fixed Asset Inventory

We did not perform any procedures in this area.

Food Service

We have deemed the risk over the cafeteria to be moderate. Our discussions with the food service manager included the change in operations and meal delivery after COVID-19 and the implementation of Summer Feeding Program COVID funding requirements. The relative magnitude of any probable misappropriation in this area is low in relation to the financial statements as a whole. See Appendix 4 for discussions related to NutriKids passwords.

Transportation and Buildings & Grounds

The District outsourced its transportation program. This significantly reduces the risk in this area. In the future this area should be considered for further testing because the transportation program has been brought back in house for the 2022 school year.

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.

Risk Assessment Summary

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

	2021
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
Information Technology/Cyber Security	H
Fixed Assets	L
Cafeteria	L
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, IT Controls was selected for a targeted review.
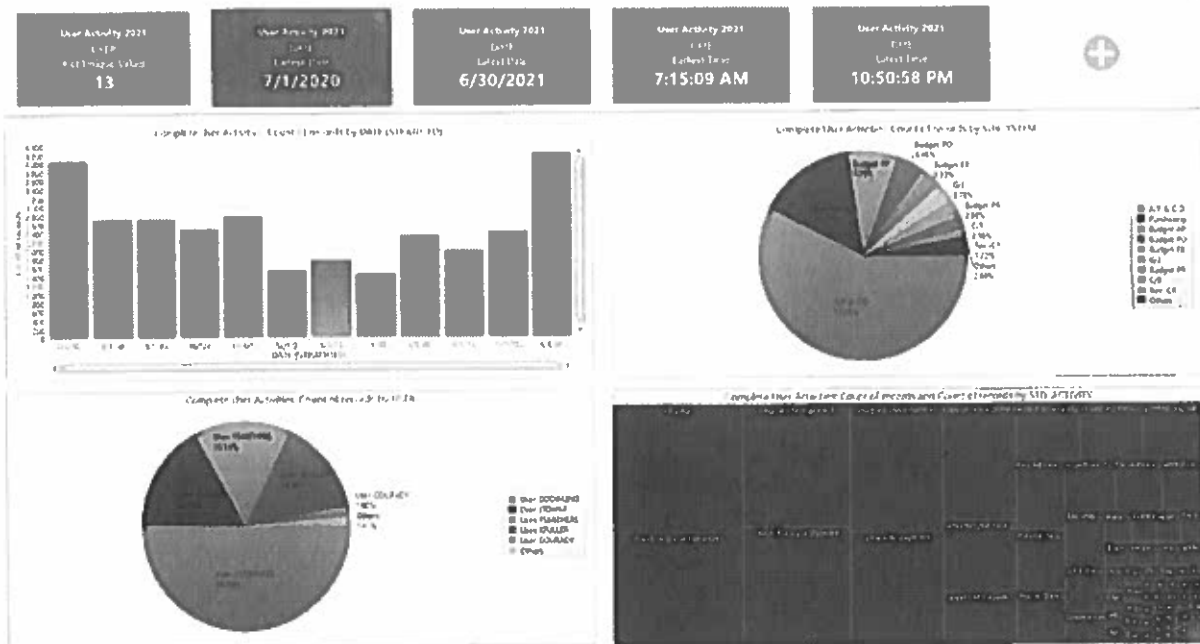
Based upon our findings and risk assessment, the Board must decide how and when to implement our recommendations, and which areas it chooses to target for further testing. We are available to help the Board establish timelines for corrective action, and to make recommendations on specific testing procedures 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, 2020 to June 30, 2021. 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.

- 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 Approval Levles 2021

	SUBSYSTEM	ACTIVITY	APPROVAL_LEVEL	USER_ID	NO_OF_RECS
1	Purchasing	Rou,added as Pending Order and approved to level 5 5	5	DDOWLING	1
2	Purchasing	S,added as Pending Order and approved to level 9	9	HKING	1
3	Purchasing	added as Pending Order and approved to level 5	5	DDOWLING	226
4	Purchasing	added as Pending Order and approved to level 8	8	DHOUSE	5
5	Purchasing	added as Pending Order and approved to level 9	9	HKING	25
6	Purchasing	added as Pending Order and approved to level 9	9	KGEARY	104
7	Purchasing	added as Pending Order and approved to level 9	9	LFISHER	16
8	Purchasing	added as Pending Order and approved to level 9	9	SBRENNO	19
9	Purchasing	adjusted request and saved at level 9	9	DDOWLING	1
10	Purchasing	approved request to level 5	5	DDOWLING	123
11	Purchasing	approved request to level 9	9	TDEMERS	47
12	Purchasing	issued purchase order	Yes	PSMITHERS	551
13	Purchasing	whi,approved request to level 5	5	DDOWLING	1

- We looked for activity on unusual dates or times. (Before or after hours or weekends) No activities before 7:00 am were noted. We reviewed the activities and did not have any significant concerns.

After Hours Activities (After 4:30 pm) 2021

	USER	NO_OF_RECS	COMMENT
1	User: DDOWLING	855	AP and Purchasing activities throughout the year. Latest time 10:50 pm
2	User: PSMITHERS	4	Issue POs latest time 5:18 pm

User Activity Date Statistics 2021

Date Statistics	DATE
▶ # of Valid Values	30,543
# of Zero Items	0
# of Records	30,543
# of Data Errors	0
Earliest Date	7/1/2020
Latest Date	6/30/2021
Record # of Earliest	491
Record # of Latest	15504
Most Common Day	Monday
Most Common Month	June
Items in January	1769
Items in February	1466
Items in March	2338
Items in April	1990
Items in May	2432
Items in June	4225
Items in July	4065
Items in August	2719
Items in September	2720
Items in October	2498
Items in November	2784
Items in December	1537
Items on Sunday	11
Items on Monday	7364
Items on Tuesday	5815
Items on Wednesday	4939
Items on Thursday	6063
Items on Friday	6350
Items on Saturday	1

User Activities Time Statistics 2021

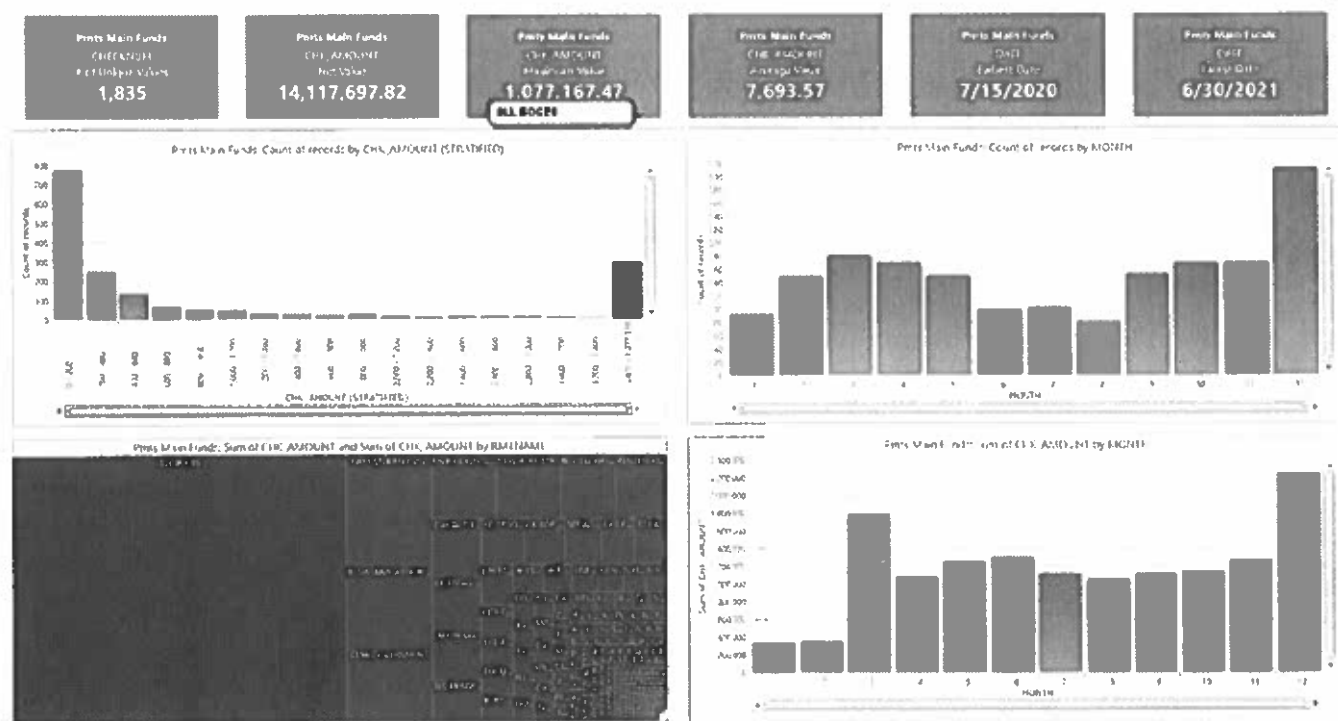| Time Statistics	TIME
▶ # of Records	30,543
# of Valid Values	30,543
# of Data Errors	0
# of Zero Items	0
Latest Time	10:50 PM
Earliest Time	7:15 AM
Most Common Hour	9
Most Common Minute	41
Most Common Second	47
# of Records in AM	14400
# of Records in PM	16143
# of Records Before 6 AM	0
# of Records After 6 PM	116
Average Time	12:24 PM
# of Records Less Than a Day	30543
# of Records More Than a Day	0

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

User Activities by WinCap Subsystem 2021

Sum: NO_OF_RECS USER ID SUBSYSTEM	COGRADY	DDOWLING	DHOUSE	HKING	JTOWNE	KFULLER	KGEARY	LFISHER	MBBROWN	MROBINSON	PSMITHERS	SBRENNO	TDEMERS	Total
AP & C/D		8,360			3,263	3,132				29	2,796			12,580
A/R	1					124			16		32	.		172
Budget-AP		2,373								5				2,378
Budget-BU		8							7		96	1	1	113
Budget-EB					1,016									1,016
Budget-GL						1			30		100			131
Budget-PO		837									525			1,362
Budget-PR					823									823
C/R	328					330					2			660
G/J						411			30		409			850
Purchasing		3,781	17	26			115	17			554	19	105	4,634
Rev-AP		7												7
Rev-AR						93			8		24			125
Rev-CR	162					209					1			372
Rev-GL						232					62			294
Rev-RV		6								6	14			26
Total	490	15,372	17	26	5,102	4,532	115	17	97	34	4,615	20	106	30,543

This table shows who was working in the WinCap subsytems. The number of records shows the number of entries made in the system.

Appendix 2
Payments 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 had reduced in prior years but appears to be rising. The purchasing agent should consider requiring the use of POs for all appropriate expenditures. The District should review these items and take steps to ensure that POs are obtained for all purchases as required.

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 2021		Examples of types of payments not associated with POs.
⊞ Pmts by Fund=A	1,672	A – 34 Payroll related (used to be in the TA fund) 32 various pmts.
⊞ Pmts by Fund=C	121	
⊞ Pmts by Fund=F	27	
⊞ Pmts by Fund=H	15	C - None
⊞ Pmts Main Funds	1,835	
⊞ Pmts No POs=A	66	F –None
☐ Pmts No POs=C	0	
☐ Pmts No POs=F	0	H - Architects, and, contractors
⊞ Pmts No POs=H	9	

Proper Process Followed

Generally there should be few 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 a deficient purchasing system where approvals are rushed, there is a log jam in the process, or staff are not properly planning their purchases. The following is the results of payments that were within the short time interval:

	2021	2020
Payment before PO	6	0
Payment within 0-5 days of PO	35	10
Payment within 6-15 days of PO	42	35

Since there were so many items noted, we selected a sample of these claims for more detailed testing. We tested 12 claims from 2020 and 18 claims from 2021.

While our data analysis showed that the PO was issued in close proximity to the payment date, the accounting system doesn't contain the data needed to determine the actual

14

purchase date (invoice date) or the date of approval by the claims auditor. We therefore obtained the claims packet and noted the PO date, invoice date, date of approval by claims auditor (per stamp) and check date.

We determined that the invoice was dated prior to the PO for 25 of the 30 claims tested. Using purchase orders is an important control to help ensure that purchases have been properly approved by the purchasing agent prior to committing the District's funds. Issuing POs after the fact defeats the purpose of using purchase orders and masks internal control issues and violations of the District's purchasing policies.

We also noted that the date written on the claims auditor review stamp was after the check date on 8 of the 12 2020 claims and all 18 of the 2021 claims. Some of the review dates on the stamp were as much as 3 months after the check date. Upon discussion with the BOCES purchasing clerk and the claims auditor, we were told that the claims auditor reviewed the claims remotely and sent an e-mail to the purchasing clerk approving the payment. At a later date the claims auditor physically stamped, signed and dated the paper copy of each invoice and signed and dated the warrant copy. We asked for documentation of the e-mail approvals and were told that they were not retained. The documentation of claims auditor approval prior to payment is important and should be part of the District's permanent records.

Proper Coding
We obtained the general ledger wage account expenditure codes for each of the sample items and verified that it was appropriate based on the goods or service on the invoice without exception.

Proper Amount
We reviewed the claims packet and verified that the payment matched the invoice, packing slip and the PO without exception.

As part of our sample selection and risk assessment process, we used various analytical techniques to identify potentially risky transactions. One of the analytical techniques used is to group payroll payments by earnings type.

Contractual payments make up approximately 92% of the dollar value of the District's payroll. As explained in the payroll section, the contractual rates undergo an effective review process at the beginning of the year. There should be very few changes made to contractual payments during the year.

Other areas that require timesheets, claim forms or some sort of triggering event with calculations are generally riskier then the contract payments. These comprise approximately 6% of the payroll dollar value.

The chart below shows the earnings codes that total more than $5,000 for the period 7/1/20 to 6/30/21. Note that there are 15 additional codes that are less than $5,000 for a total of 17,250.

Earnings Codes Greater than $5000 2021

	EARNINGS1	NO_OF_RECS	AMOUNT_SUM ▼
1	CONTRACT	6877	14,041,695.34
2	DBP	1690	1,828,946.86
3	D	820	433,253.32
4	H	862	339,138.00
5	CLNG	1482	77,521.54
6	LONG	258	55,000.00
7	R&D	199	47,561.93
8	C ST	93	46,250.00
9	UVAC	26	44,122.75
10	HBON	57	43,214.56
11	T	48	39,041.25
12	O	174	38,581.27
13	ALNG	189	28,500.00
14	RETI	6	22,500.00
15	MAST	2540	22,272.00
16	HLTH	141	16,197.31
17	BWSP	84	13,861.15
18	D10%	103	13,667.40
19	TAXT	298	12,727.27
20	CONL	108	12,100.00
21	NDIF	277	10,052.08
22	SUBS	27	9,789.00
23	SUPV	116	9,671.59
24	ABA	131	9,000.00
25	DL	3	5,279.98
26	XTRA	81	5,000.00

Earnings Selected for Testing 2021

	EARNINGS	NO_OF_RECS	AMOUNT_SUM ▼
1	CONTRACT	6877	14,041,695.34
2	DBP	1690	1,828,946.86
3	D	820	433,253.32
4	H	862	339,138.00
5	R&D	199	47,561.93
6	C ST	93	46,250.00
7	UVAC	26	44,122.75
8	O	174	38,581.27
9	XTRA	81	5,000.00

2

We used the earnings codes on the chart to randomly select a sample of 25 earnings records. The sample was composed of 2 less risky contractual payments and 23 payments from the riskier earnings codes. The earnings included in our sample arelisted in the chart Earnings Selected for Testing.

The following tests were performed on each sample item:

Proper Approvals
We verified that each payment was approved by a supervisor with knowledge that the work was performed as claimed. Approvals are different for various types of claims. Most claims are paid from time sheets signed by the employee's supervisor. E-mails from the District show authorization of substitute payments. The documentation provided for 2 of the sample items did not have supervisor signatures. The BOCES payroll clerk indicated that for one of these, the supervisor was on vacation during that pay period. We recommend that a supervisor or other management signature be obtained before any payment is made. If the approval is obtained informally, such as via e-mail, the documentation should be retained as a permanent record.

Proper Coding
We obtained the general ledger wage account expenditure codes for each of the sample items and verified that it was appropriate based on the employee's positions and earnings code, We noted that the traditional wage type payments were all properly coded in the general ledger. 2 payments in the sample for health insurance Plan C stipends were coded to an employee benefit health insurance code rather than wages. 2 payments in the sample for unused vacation time buyout were also coded to an employee benefit code rather than wages. We suggest that all payroll items be coded to wage accounts rather than benefit codes to match the payroll tax reporting.

Proper Pay Rate
School Districts are only authorized to make payments to employees if the payment is covered by a contract or approved by the Board of Educations. Management does not have the authority to make such payment decisions on its own or change contractual language without Board approval.

We obtained Teacher and CSEA Union contracts, employment agreements, Board of Education approved substitute and stipend rates, Board of Education appointment letters and other appropriate Board approved documents. We recalculated the payroll earnings record and verified that the proper rate was paid without exception.

In the 2019 internal audit we reviewed the District's building access processes. We noted a number of issues with FOBs and keys. During our 2021 audit we noted that the District has made significant efforts in this area. These include: software and system upgrades, more entries that are accessible using the FOBs, eliminating the need for most staff to have keys for building access, rekeying locks and requiring the Superintendent's approval to provide third parties with FOBs.

We tested the system by having the business manager submit a request on our behalf for a FOB with full access. The request followed the process, which appears to be working as designed.

We also obtained the list of active FOBs as of November 18, 2021. There were 571 active FOB holders on the list. We compared this list to the OSC export file of employees at approximately the same date and also eliminated FOBs marked as EMS or Law Enforcement as well as known BOCES employees (business manager, etc.) After making those exclusions there was a list of 148 FOB holders that we were not able to directly verify why they had FOBs. Included in the list were 20 former staff members. We determined this by comparing the list of unverified FOB holders to the 2021 and 2020 OSC export files of employees. We sent the list to management to review and determine if any of the FOBs should be deactivated.

We suggest that Management conduct a review, at least annually, of the outstanding FOBs to determine if access is still appropriate. To facilitate such a review, Management should consider keeping a list of all nonstaff FOB approvals, the clearance approved along with the intended duration.