



## **2020 Top Ten Internal Control Deficiencies Cited in the New York State Comptrollers Reports – School Districts**

### **10. Capital Projects**

- ◆ District officials did not present the capital project plan in a transparent manner and did not provide voters with a detailed description of the projects.
- ◆ District officials did not properly monitor budget-to-actual expenditures for capital projects.
- ◆ District officials did not utilize the competitive bidding process for change orders that exceeded the statutory bidding threshold.
- ◆ Change orders were not properly approved by the Board of Education.

### **9. Payroll & Personnel**

- ◆ District officials did not obtain reimbursement from the former Superintendent for tuition assistance of which he was no longer entitled.
- ◆ District officials did not establish adequate procedures for separation payments for accrued unused vacation leave.
- ◆ Employees were permitted to accrue vacation leave in excess of the amount approved in the Board approved employment contracts.
- ◆ Leave accrual records were not accurate, and were not properly supported or approved.
- ◆ Overtime was not adequately authorized, monitored or controlled.
- ◆ Lack of segregation of duties in the payroll process, and inadequate review of the payroll after it had been processed.
- ◆ Transportation department overtime was not properly approved, and did not include adequate supporting documentation.

### **8. Extraclassroom Activity Fund**

- ◆ Central treasurers did not ensure all disbursements were adequately supported and approved prior to authorizing payments.
- ◆ Central treasurers did not ensure that student treasurers and faculty advisors were informed of the requirement to maintain accounting records for their clubs.
- ◆ Central treasurers did not accurately reconcile bank accounts.
- ◆ Faculty advisors did not ensure that student activity treasurers maintained independent ledgers.
- ◆ Faculty advisors did not ensure that adequate supporting documentation was attached to payment requests submitted to the central treasurer for review and approval.
- ◆ Faculty advisors did not periodically reconcile club balances with the central treasurer's balances for accuracy.
- ◆ Faculty advisors did not ensure that student activity treasurers counted cash prior to signing deposit forms.
- ◆ Student activity treasurers were not required to issue duplicate cash receipts, retain records of tickets sold, or reconcile collections.
- ◆ Faculty advisors did not obtain approval for all fundraising events.
- ◆ Faculty advisors did not retain club records for the required six year retention period.

- ◆ Pre-numbered receipts were not consistently issued.
- ◆ Deposits were not made in a timely manner.
- ◆ Cash receipts were not adequately supported or deposited intact.
- ◆ Checks were not countersigned in accordance with District policy.

## **7. Revenue**

- ◆ District officials did not develop a clear and comprehensive non-resident admissions or tuition policy.
- ◆ District officials did not properly monitor out-of-district tuition billings or ensure billed amounts were accurate and proper.
- ◆ District officials did not obtain or retain adequate supporting documentation for out-of-district tuition billings.
- ◆ District officials did not ensure that billings were in agreement with contract terms.
- ◆ District officials did not properly account for revenues that were restricted for a specific purpose.
- ◆ Collections procedures for overdue accounts were inadequate.

## **6. Cash Management**

- ◆ District officials did not develop and manage a comprehensive investment program to ensure interest earnings were maximized.
- ◆ District officials did not comply with the District's investment policy.
- ◆ District officials did not comply with the District's online banking policy.
- ◆ District officials entered into online banking agreements which did not require online banking confirmations.
- ◆ District officials did not implement procedures to adequately segregate online banking duties.
- ◆ District officials did not adequately safeguard online banking transactions.
- ◆ District officials did not ensure that a dedicated computer was utilized for online banking.

## **5. Purchasing and Procurement**

- ◆ District officials did not develop additional written procedures regarding procurement as required by the District's purchasing policy.
- ◆ District officials did not require competitive bids or written quotations for the procurement of goods and services in accordance with the District's purchasing policy.
- ◆ District officials did not seek competition for professional services.
- ◆ The Purchasing Agent was not involved in reviewing, processing or approving purchase requisitions or purchase orders.
- ◆ The Purchasing Agent did not ensure purchasing policy requirements had been met prior to goods or services being ordered.
- ◆ The claims auditor did not audit and approve certain claims prior to payments being released.
- ◆ Audited claims did not include sufficient supporting documentation.

## **4. Reserve Funds**

- ◆ The Board did not adopt a comprehensive written reserve fund policy.
- ◆ The District did not analyze reserves annually and did not present the analysis to the Board as required by District policy.
- ◆ The District was not transparent when funding reserves.
- ◆ District officials maintained a capital reserve that was not properly authorized by the voters.

- ◆ District officials maintained an employee benefit accrued liability reserve that was not established by Board resolution.
- ◆ District officials did not utilize reserve funds in accordance with legal requirements.
- ◆ Reserves were overfunded.
- ◆ Reserve funds were not utilized as intended.

### **3. Technology**

- ◆ The Board did not adopt adequate security polices to safeguard information technology assets.
- ◆ The Board did not adopt a disaster recovery plan.
- ◆ District officials did not establish written procedures for password management, wireless security, remote access or user account management.
- ◆ District officials did not provide cyber security awareness training for all District employees who utilized the District's information technology.
- ◆ District officials did not adequately monitor or safeguard information technology assets.
- ◆ District officials did not maintain accurate, complete and up-to-date hardware and software inventory.
- ◆ District officials did not obtain service level agreements with the District's information technology service providers.
- ◆ District officials did not adequately manage network user accounts or permissions.
- ◆ District officials did not regularly review network user accounts or permissions to determine whether they were appropriate, or whether they should be disabled.
- ◆ The District had unneeded network user accounts on the District's network that had not been utilized in at least six months.
- ◆ District officials did not ensure that computers were free from malicious software.
- ◆ Employees did not comply with the District's acceptable use policy.
- ◆ Personal internet use was identified on computers assigned to employees who routinely accessed personal, private and sensitive information.

### **2. Budgeting**

- ◆ The Board overestimated appropriations and annually appropriated fund balance that was not needed to finance operations.
- ◆ The Board underestimated revenues.
- ◆ The District budgeted appropriated fund balance which was not utilized to finance operations.
- ◆ Budgets were not structurally balanced.
- ◆ Appropriations were consistently overestimated, resulting in increasing fund balance levels.
- ◆ Expenditures exceeded appropriations.

### **1. Financial Management**

- ◆ The Board did not adopt a comprehensive multi-year financial plan or fund balance policy.
- ◆ The Board and District officials issued more debt than was needed, and did not properly account for debt proceeds.
- ◆ The District improperly restricted funds for OPEB in its trust and agency fund.
- ◆ Unassigned fund balance exceeded the four percent statutory limitation as per Real Property Tax Law §1310.