



2023 Top Ten Internal Control Deficiencies Cited in the New York State Comptrollers Reports – School Districts

10. Investment Program

- District officials did not develop and manage a comprehensive investment program. The Business Administrator and District officials did not invest available funds in financial institutions that offered higher interest rates, prepare monthly cash flow forecasts or solicit interest rate quotes.
- The District did not consider other legally authorized investment options when investing available funds.

9. Extraclassroom Activity Funds

- The Board of Education did not adopt a comprehensive *Extraclassroom* policy, nor provide oversight of extraclassroom activity funds.
- The District did not ensure that each club maintain separate records from the central treasurers.
- Collections were not recorded nor deposited in the bank and payment requests did not have sufficient documentation.
- District officials did not ensure receipts were deposited timely.

8. Transportation

- District officials did not always ensure transportation contracts were procured and monitored in the best interest of the taxpayers.
- District officials did not apply for all applicable transportation state aid for new bus acquisitions.
- The District did not monitor District fuel credit card purchases.
- District officials did not review vehicle repair invoices and parts ordered by the vehicle maintenance and repair vendor.

7. Online Banking

- The District did not have an adequate written bank agreement for online banking or ensure that authorized access was limited.
- District officials did not adequately segregate online banking duties or require secondary authorization for online payments and transfers.
- Employees who performed online banking activities did not receive internet security awareness training.
- District officials did not conduct online banking transactions in the most secure manner.

6. Capital Assets

- The District's capital asset policy did not require officials to perform periodic inventory counts.
- Capital assets had missing and inaccurate information on the capital asset records.
- District officials did not properly record, tag and account for capital asset purchases.
- District officials did not maintain a complete and accurate inventory of information technology assets.
- District officials did not perform an annual physical inventory count.

5. Claims Auditing

- The Claims Auditor did not ensure claims were adequately supported, properly authorized, approved before payment, for valid purposes and properly reported to the Board.
- The District's Claims Auditor did not properly audit and approve all claims prior to payment.
- Claims were not always properly authorized and lacked supporting documentation.
- The Claims Auditor did not determine if the claims were valid, billed correctly and complied with the purchasing policy.
- The Claims Auditor has a family relationship with a Board member and therefore cannot serve in this position.

4. Purchasing and Procurement

- The Board of Education and District officials did not develop adequate purchasing policies and procedures or update the purchasing policy.
- District officials did not always have written agreements for professional service providers.
- The District did not seek competition when procuring professional services.
- The District did not solicit a request for proposal (RFP) for audit services within the last five years as required by Chapter 263 of the Laws of 2005.
- District officials did not always procure goods and services according to policy requirements or maintain adequate supporting documentation for the purchases.

3. Payroll and Personnel

- Several employees were paid amounts that were inconsistent with Board-approved contracts or collective bargaining agreements.
- The payroll clerk was not provided with an updated administrator's employment agreement and salaries were overpaid.
- Payroll processing duties were not properly segregated.
- The District did not adopt policies and procedures for overtime.
- An employee was not eligible to be paid overtime based on the language in the individual's employment agreement.
- The District did not obtain pre-approval for overtime and paid employees for overtime for routine anticipated events. The District should have considered alternative options instead of incurring overtime.
- The District did not calculate and pay unused leave benefits and accruals accurately.
- Leave accruals did not reflect benefits reflected in the employment contracts.
- Sexual harassment training was not provided to all employees and the District excluded per-diem and stipend employees from the training. Although Board members are not legally required to receive sexual harassment training it is recommended to include them in the training.

2. Financial Management

- The District did not establish a comprehensive fund balance and reserve policy.
- District officials did not have a written multiyear financial plan.
- The Board and District officials did not effectively manage the District's fund balance. As a result, they levied more taxes than needed to fund operations and was not transparent with taxpayers.
- The Board appropriated fund balance that was not needed.
- The surplus fund balance exceeded the 4 percent statutory limit as per Real Property Tax Law §1318 in each of the last three fiscal years.
- The District did not take appropriate action to address overfunded reserves.
- The District had transfers that were made from reserves without Board approval.
- The District made unbudgeted transfers at year-end to reserves.
- The District developed and adopted unrealistic budgets.

1. Technology

- District officials did not develop written procedures for granting, changing and revoking user access to the overall network.
- District officials did not provide information technology awareness training for all District employees who utilize District information technology as per the Board policy.
- District officials did not periodically review website histories to determine whether the employee website browsing was inappropriate.
- District officials did not ensure that unneeded network user accounts were disabled in a timely manner.
- The District had network user accounts that allowed the users to install software on their computers without authorization.
- District officials did not adequately secure user account access to the network or properly manage user accounts and permissions in the financial information applications.
- The District did not establish sufficient procedures such as an inventory of personal private and sensitive information (PPSI).
- Personal internet use was found on computers assigned to employees who routinely accessed personal, private and sensitive information (PPSI).
- The Board did not adopt a disaster recovery plan and ensure it was comprehensive, distributed and tested.
- The Board did not adopt a comprehensive information technology contingency plan to minimize the risk of data loss or prevent a serious interruption of services.