

**Scarsdale Union Free School District**

**Risk Assessment Update Report**

June 10, 2016

## **Risk Assessment Update Report**

To the Board of Education and Audit Committee  
Scarsdale Union Free School District  
Scarsdale, New York

We have performed the annual risk assessment update of the Scarsdale Union Free School District (District) as required by Chapter 263 of the Laws of New York, 2005 and as per our agreement of September 3, 2015.

This engagement is in accordance with auditing standards generally accepted in the United States of America and the applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also considered the guidelines promulgated by the New York State Education Department in connection with such risk assessments.

Specifically, we performed the following:

- Reviewed our understanding of the critical business processes of the District. These critical business processes included, but were not limited to:
  - Governance and planning
  - Accounting and reporting
  - Revenue and cash management
  - Payroll and related benefits
  - Purchasing and related expenditures
  - Facilities and equipment
  - Student services
  - Student related data
  - Information technology
- Identified the key risks based on our understanding of these business processes.
- Identified the stated controls that are currently in place to address those risks.

These procedures were accomplished through interviewing District management and accounting and other departmental personnel to determine the flow of accounting information and controls placed in operation. The scope of our engagement did not include testing the operating effectiveness of such controls.

Our procedures were not designed to express an opinion on the internal controls of the District, and we do not express such an opinion. Additionally, because of inherent limitations of any internal control, errors or fraud may occur and not be prevented or detected by internal controls. Also, projections of an evaluation of the accounting system and controls to future periods are subject to the risk that procedures may become inadequate because of changed conditions.

We would like to express our appreciation for the cooperation and assistance that we received from the District's administration and other employees during our engagement, especially the Business Office personnel.

This report is intended solely for the use and information of the Board of Education and its Audit Committee and the management of the Scarsdale Union Free School District, and is not intended to be and should not be used by anyone other than these specified parties.

*Cullen & Danowski, LLP*

June 10, 2016

## SCARSDALE UNION FREE SCHOOL DISTRICT

### Introduction

June 10, 2016

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Chapter 263 of the Laws of New York, 2005 requires most districts to create an internal audit function. The creation of this function requires districts to engage either a qualified audit firm or individual to make an initial risk assessment of the design of the district's internal controls; annually update this assessment; and, periodically test these controls for operational effectiveness and efficiency. This report addresses the second requirement, which is an annual risk assessment update.

Internal controls are the checks and balances over the various processes or functions that comprise the operations of a district. As previously mentioned, we have identified the following key processes to be considered in the risk assessment update (Note: each one of the key processes is comprised of sub-functions.)

- Governance and planning
- Accounting and reporting
- Revenue and cash management
- Payroll and related benefits
- Purchasing and related expenditures
- Facilities and equipment
- Student services
- Student related data
- Information technology

One key element in any internal control system is the concept of **segregation of duties**. This concept ensures that one person cannot execute a transaction without at least one other individual checking his or her work. Of course, where segregation of duties is not feasible, the district can employ compensating controls.

Nevertheless, there are some important concepts that should be understood when reviewing internal controls. These concepts are:

- An internal control system is designed to provide reasonable but not absolute assurance in safeguarding the assets of the district.
- The concept of reasonable assurance recognizes that the cost of the internal control should not exceed the benefits derived.
- There are inherent limitations that should be recognized in considering the potential effectiveness of any internal control system, e.g., errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. More importantly, it is **collusion** that poses the greatest threat to any internal control system. If two employees collude in order to circumvent the controls set up by the district, they could perpetrate a fraud.

The initial risk assessment required the internal auditor to obtain an understanding of both the inherent and control risks associated with the various functions within the District. The risk assessment update requires the internal auditor to identify the changes in procedures, policies, personnel, and systems that may have an impact on these risks and possibly alter the initial risk assessment's level of control risk.

**Control risk** measures the adequacy of internal controls designed to mitigate the inherent risk within the process. In this engagement, we have assessed the control risk based upon our interview process. The testing of the controls, which is performed during the detailed testwork, could support the lowering of the prior control risk assessment associated with individual processes and sub-functions.

## SCARSDALE UNION FREE SCHOOL DISTRICT

### Introduction (Continued)

June 10, 2016

We have organized this report into the following four sections:

The first section is a risk assessment table. In this table, we identify the processes or functions that we have reviewed. This table includes our assessment of the control risk associated with each process. There are two control risk columns to reflect the prior year risk assessment level and the current year risk assessment level based on the results of the risk assessment update as well as the detailed testwork performed for selected processes. **Since the testing of controls has not been done for all processes, it is important to note that this table should not be viewed as the final assessment of the District's control environment.** The Risk Assessment Table also includes our suggestions for processes to be tested during the coming year. However, the decision of which processes to review in detail is at the discretion of the Audit Committee.

The second section includes the current observations and recommendations based on new findings identified during this risk assessment update. These are categorized based upon the areas of our audit program similar to the prior risk assessment report and these findings have been considered in the assessment of the level of control risk.

The third section contains the current status of the observations and recommendations that are still open for areas of potential improvement in the District's internal controls or operations included in the following reports:

<i><b>Report Type</b></i>	<i><b>Issue Date</b></i>	<i><b>Area(s)</b></i>
Risk Assessment	May 22, 2015	District-wide
Agreed-Upon Procedures	May 21, 2015	Special Education and Purchasing of Information Technology Assets

These results have been considered in the assessment of the level of control risk.

The fourth section contains the observations and recommendations included in the prior risk assessment and/or agreed-upon procedures reports that are now considered closed. The fact that these items have been implemented or resolved was considered in the assessment of the level of control risk.

Some of the recommendations may require a reassignment of duties and/or an addition to Business Office personnel. However, any enhancement of controls should be done after a careful cost-benefit analysis.

Commissioner of Education Regulation §170.12(e)(4) requires that a corrective action plan, approved by the Board of Education, must be filed within 90 days of issuance with the New York State Education Department.

The District should send the Corrective Action Plan (CAP) along with the respective Internal Audit Report via mail or email to the addresses listed below. The report needs to accompany the CAP to allow the Office of Audit Services (OAS) to reconcile the District's CAP to the report to ensure all items have been addressed (i.e., CAP is not missing any recommendations).

#### ***Submission Information – Mail & Email***

New York State Education Department (NYSED)  
Office of Audit Services (OAS)  
89 Washington Avenue  
Room 524 EB  
Albany, NY 12234  
[Fsanda133@mail.nysed.gov](mailto:Fsanda133@mail.nysed.gov)

#### ***Contact***

Office of Audit Services  
(518) 473-4516

**SCARSDALE UNION FREE SCHOOL DISTRICT**

**Risk Assessment Table**

June 10, 2016

*(L=Low, M=Moderate, H=High) \**

<b>Business Process Area</b>	<b>**Date of Detail Testing</b>	<b>Control Risk</b>		<b>Proposed Detail Testing</b>
		<b>Prior Year</b>	<b>Current Year</b>	
<b>Governance and Planning</b>				
Governance Environment		L	L	
Control Environment		M	M	
Strategic Planning		M	M	
Budget Development		M	M	
Budget Administration		M	M	
<b>Accounting and Reporting</b>				
Assessing Financial Condition		L	L	
Financial Accounting and Reporting		M	M	
Auditing		L	L	
Financial Oversight		L	L	
Fund Balance Management		M	M	
<b>Revenue and Cash Management</b>				
Real Property Tax		L	L	
State Aid		M	M	
Medicaid		M	M	
Out of District Tuition		M	M	
Use of Facilities		L	L	
Donations		M	M	
Collection & Posting of Receipts	07/15/10	L	L	
Cash Management	07/15/10	L	L	
Investment Management		M	M	
Petty Cash		L	L	
Bank Reconciliations		M	M	
<b>Grants and Special Education</b>				
General Processing/Monitoring		M	M	
Grant Application		L	L	
Allowable Costs		M	M	
Cash Management		L	L	
Reporting and Monitoring		M	M	
Compliance		M	M	
Special Education - Financial Activities	05/21/15	M	M	
<b>Payroll, HR and Related Benefits</b>				
Payments to Employees ***	06/02/14	L	L	
Allocation of Expenditures ***	06/02/14	L	L	
General Employee Administration ***	06/02/14	L	L	
Hiring/Termination of Employees ***	06/02/14	L	L	
Annual Salary Rollover & Mid-Year Increase	06/09/16	M	M	
Employee Attendance		M	M	
Employee Benefit Administration		M	M	
Time Clock System	04/18/12	L	L	

\* The assessment of control risk is based on three levels of severity (low, moderate, high) related to the probability of a negative occurrence in the absence of controls designed to reduce the inherent risk within the respective process.

\*\* Indicates the issuance date of an agreed-upon procedures report (AUP) for that area.

\*\*\* Area was also reviewed and included in the Agreed-Up Procedures Report dated May 14, 2008.



**SCARSDALE UNION FREE SCHOOL DISTRICT**  
**Risk Assessment Table (Continued)**  
June 10, 2016

(L=Low, M=Moderate, H=High) \*

<b>Business Process</b> Area	<b>**Date of Detail Testing</b>	<b>Control Risk</b>		<b>Proposed Detail Testing</b>
		<b>Prior Year</b>	<b>Current Year</b>	
<b>Purchasing and Related Expenditures</b>				
PO System	06/14/09	L	L	
Payments Outside PO System		M	M	
Purchasing Process	06/14/09	L	L	
Allocation of Expenditures	06/14/09	L	L	
Payment Processing	06/14/09	L	L	
Travel and Conferences		M	M	
Credit Cards		M	M	
<b>Facilities</b>				
Facilities Maintenance		M	M	
Construction Planning		M	M	
Construction Monitoring		M	M	
Construction Completion		M	M	
<b>Capital Assets</b>				
Acquisition: Information Technology Assets	05/21/15	M	M	
Acquisition and Disposal		M	M	
Inventory		M	M	
<b>School Environment</b>				
Safety and Security		M	M	
<b>Student Transportation</b>				✓
Fleet Maintenance		M	M	
Risk Management		M	M	
Personnel Compliance		M	M	
Facilities Maintenance and Security		M	M	
<b>Food Service</b>				
Federal and State Reimbursement	04/18/12	L	L	
Sales Cycle and System	04/18/12	L	L	
Inventory and Purchases	04/18/12	L	L	
Eligibility Verification	04/18/12	L	L	
<b>Extraclassroom Activity Fund</b>				
General		M	M	
Cash and Cash Receipts		M	M	
Expenditures and Purchasing		M	M	
Inventories		L	L	
<b>Student Related Data</b>				
Tracking Student Attendance		M	M	
Student Performance Data		M	M	
<b>Information Technology</b>				
Governance		M	M	
Network Security		M	M	
Financial Application Security		M	M	
Other Application Security		M	M	
Disaster Recovery		M	M	

\* The assessment of control risk is based on three levels of severity (low, moderate, high) related to the probability of a negative occurrence in the absence of controls designed to reduce the inherent risk within the respective process.

\*\* Indicates the issuance date of an agreed-upon procedures report (AUP) for that area.

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**CURRENT OBSERVATIONS AND RECOMMENDATIONS**

**GOVERNANCE AND PLANNING**

**Internal Audit Reports – Corrective Action Plan**

We found that the District has not prepared a Corrective Action Plan (CAP) related to the Risk Assessment Update Report and the Agreed-Upon Procedures Report issued in May 2015, as required by Commissioner of Education Regulation (CR) §170.12(e)(4).

We recommend that the District establish procedures to ensure compliance with CR §170.12(e)(4) by preparing a Board-approved CAP and filing within 90 days of issuance with the New York State Education Department (NYSED).

**PAYROLL, PERSONNEL AND RELATED BENEFITS**

**Health Insurance – Payroll Deduction Register and Records**

We found that the District began to require bargaining units to contribute to the cost of health insurance beginning in the 2014-15 year; however, there are no procedures to perform a comparison of the payroll deduction register to the health insurance provider invoice. We also found that the District needs to reconcile the health insurance enrollee information to the District's records.

We recommend that the Human Resources Department develop procedures to perform a periodic reconciliation of the payroll deduction register and the payroll records to the health insurance provider invoice to ensure accuracy and completeness of the information.

**Substitute Rates and Leave Replacement Rates**

We were informed that leave replacements are paid at a rate of 1/200<sup>th</sup> of the salary class for the entire time of the assignment, including the period of time when the teacher is still on payroll (e.g., on a paid leave). We were also informed that retirees from the District are sometimes paid at 1/200<sup>th</sup> of the salary class at the time of retirement, including instances when the assignment was short term (i.e., less than 21 working days). The Board policy states that the per diem retired substitute should be paid at 1/200<sup>th</sup> of the salary class at the time of retirement only after working 21 or more days in the same assignment.

We recommend that the District follow the Board policy related to salary payments for per diem and retired substitute teachers and nurses. We also recommend that the District consider paying leave replacements at 1/200<sup>th</sup> of salary class, only after the teacher that they are covering has come off payroll. Prior to that date, the leave replacement should be paid at the daily substitute rate.

**STATUS OF PRIOR OBSERVATIONS AND RECOMMENDATIONS (OPEN ITEMS)**

**REVENUE AND CASH MANAGEMENT**

**Library Funds – Lost Book Fines**

**Risk Assessment Update – December 2014**

We noted that the District had developed procedures to have the Middle School (MS) submit any lost book fines to the Business Office. We recommended that the District establish these procedures for the elementary schools.



**SCARSDALE UNION FREE SCHOOL DISTRICT**  
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Risk Assessment Update – May 2016

*We understand that the District will investigate this matter with the elementary schools.*

**GRANTS AND SPECIAL EDUCATION**

**Develop Written, Formal Procedures**

Agreed-Upon Procedures – 2015

We recommended that the District develop written, formal procedures related to the financial operations of the Special Education Department (Department) that would include reviewing and approving System to Track and Account for Children (STAC) forms and automated verification listings (AVL), preparing and managing the budget, monitoring significant account codes (BOCES, non-BOCES placements, related services, etc.), reconciling the related services to each student's Individualized Education Program (IEP), reviewing and approving invoices, and preparing contracts.

Risk Assessment Update – May 2016

*We found that the District has formal processes in place and plans to start developing written, formal procedures related to financial operations of the Department during the 2016-17 year.*

**Contracts**

Agreed-Upon Procedures – 2015

We recommended that the District continue efforts with defining the handling of contracts that included determining which types of services would require a contract, which may also be based on a threshold amount, and which contracts would require Board approval. The District would consider the details that would be Board approved including dates of service, rates for services, and an estimate for the total amount of services to be provided. We also recommended that the District consider establishing a Board policy related to contracts.

Risk Assessment Update – May 2016

*We note that there is standardized contract language related to the services provided by hourly consultants; however, the District still needs to define the other types of services that would require a contract and to consider establishing a Board policy related to contracts to memorialize these decisions.*

**PAYROLL, PERSONNEL AND RELATED BENEFITS**

**Annual Salary Rollover Process**

Agreed-Upon Procedures – 2011

We recommended that the District improve procedures related to the annual salary rollover process due to the significance of this activity and the errors noted during our engagement including the development of written, formal procedures. The expanded use of the position controls and salary schedules in the CSI personnel system would facilitate the annual salary rollover process by enhancing operational efficiencies and reducing potential manual errors. We recommended that this process include performing a sample test of 10% of the employees, with a minimum of 5 staff from each bargaining unit, prior to processing the payroll related to the annual salary rollover.

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Risk Assessment Update – 2013

We noted that the Staff Accountant had begun to document payroll procedures and maintained these procedures in a binder in the Payroll Department. However, the District had not assigned someone the task of reviewing a sample test of 10% of the employees with a minimum of 5 staff, from each bargaining unit prior to processing the payroll related to the annual salary rollover. We again recommended that this process be performed and formally documented.

Risk Assessment Update – December 2014

We noted that the Staff Accountant performed a review of the roll over process by recalculating employees' new salary; however, the review does not include checking the new rates to the applicable bargaining unit contract. We again recommended that the District assign someone the task of reviewing a sample test of 5% of the employees with a minimum of 5 staff, from each bargaining unit prior to processing the payroll related to the salary rollover.

Risk Assessment Update – May 2016

*We understand that the District plans to implement this recommendation and to document the annual rollover process during the 2016-17 year.*

**CSI Time Clock Module – Payroll**

Risk Assessment Update – 2012

We recommended that the District consider revising procedures with the other bargaining units that consist of hourly employees, particularly the aides and bus drivers, to require them to use the CSI Time Clock module to record their arrival and departure time each day, since the process to calculate the hours for these employees is very labor intensive and has potential for errors. The implementation of having all hourly employees follow the same procedures as the facilities employees, using the CSI Time Clock module and swipe cards, would result in additional significant operational efficiencies.

Risk Assessment Update – 2013

We understood that the Information Technology (IT) Department had mapped out the scenario for aides (wiring, locations). However, we were informed that the Personnel Department ceased moving forward with this initiative during the summer of 2013, although the use of the CSI Time Clock module has proven to be very beneficial with the Facilities Department employees.

Risk Assessment Update – December 2014

We noted that the District was addressing the implementation of the CSI System's position controls and salary guides, and planned to address this item during the 2015-16 year. We again recommended that the District consider revising procedures with the other bargaining units that consist of hourly employees to require them to sign-in and sign-out each day, particularly the aides and bus drivers, since the process to calculate the hours for these employees is very labor intensive and has potential for errors. The implementation of having all hourly employees follow the same procedures as the Facilities Department staff, using the CSI Time Clock module and swipe cards, would result in additional significant operational efficiencies.

**SCARSDALE UNION FREE SCHOOL DISTRICT**  
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*Risk Assessment Update – May 2016*

*We understand that the District is reviewing this item.*

**CAPITAL ASSETS**

**Develop Board Policy**

*Agreed-Upon Procedures – 2015*

We recommended that the District develop a Board policy that covers capital assets including the threshold amounts required for capitalization, depreciation purposes, tagging purposes and requirements for performing physical inventories.

*Risk Assessment Update – May 2016*

*We understand that the District will review this item.*

**Revise Board Policy #6900 – Disposal of District Property**

*Agreed-Upon Procedures – 2015*

We recommended that the District consider revising Board Policy #6900 – *Disposal of District Property* to include language requiring the Board to approve disposals of property prior to disposing of the assets.

*Risk Assessment Update – May 2016*

*We understand that the District will review this item.*

**STUDENT TRANSPORTATION**

**Bus Yard**

*Risk Assessment Update – December 2014*

We recommended that the District investigate options to establish a secure and protected environment for the storage of the bus fleet. We understand that there have been discussions about using another location where the Village of Scarsdale maintains a “pipe yard”. We understood that the District had allocated additional funding for the 2015-16 year related to this matter.

*Risk Assessment Update – May 2016*

*We note that the District’s lease agreement with the Village of Scarsdale includes the use of additional space and the budget for the 2016-17 year contains funding to improve this space for storing the bus fleet. This includes installing a fence around the area with a locking gate.*

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**STATUS OF PRIOR OBSERVATIONS AND RECOMMENDATIONS (CLOSED ITEMS)**

**GOVERNANCE AND PLANNING**

**Extracurricular Activities – High School**

**Risk Assessment Update – 2010**

We recommended that the District consider developing Board policies and regulations regarding High School (HS) team fundraising and financial activities, including a requirement that any overnight trips be Board approved since there is a connotation that it is a District function (e.g., students travel as a Scarsdale HS team) and legal counsel has suggested that the District ensure that the appropriate insurance is in place to cover these events. We also recommended that the District contact its legal counsel to determine if the Board is required to approve overnight or any other type of fieldtrips.

**Risk Assessment Update – 2012 and 2013**

We understood that the HS Bookkeeper had begun to assist the coaches with the submission of receipts for HS team fundraising to ensure that the proper procedures related to deposits are followed and that the funds are reconciled to the receipts submitted by the coaches. However, we noted that the District still needed to develop a Board policy and regulation related to HS team fundraising and to consider implementing a requirement that any overnight trips be Board approved.

**Risk Assessment Update – December 2014**

We understood that the District had discussed this item with its legal counsel. We found that Board Policy #4531 – *Field Trips and Excursions* requires that extended trips must be approved in writing in advance by the appropriate principal(s) and the Superintendent. We understood that this process had been reviewed by a committee, but the District needed to establish a plan to ensure that overnight trips were properly approved in advance as per Board Policy #4531. We recommended that the District develop this plan and consider establishing a Board policy and regulation related to HS team fundraising and financial activities.

**Risk Assessment Update – May 2016 (This item is now closed)**

*We understand that the District has procedures to approve the extended trips in advance by the appropriate administrator. We were also informed that the District will continue to assess the recommendation to establish a Board policy and regulation related to HS team fundraising and financial activities.*

**Senior Management – Succession Planning**

**Risk Assessment Update – December 2014**

We recommended that the District establish a succession plan related to the retirements of key personnel. There were employees with vast knowledge and experience who were retiring by August 2015 and others who were eligible for retirement in the near future. There was a lack of a defined transitional plan related to these retirements.

**Risk Assessment Update – May 2016 (This item is now closed)**

*We found that the District established a transitional plan to address the past and upcoming retirements of key personnel to minimize the potential risk and loss of knowledge related to these separations.*

**SCARSDALE UNION FREE SCHOOL DISTRICT**  
**Risk Assessment Update Report (Continued)**  
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**GRANTS AND SPECIAL EDUCATION**

**STAC Forms – Administrator Review and Sign-off**

**Agreed-Upon Procedures – 2015**

We recommended that the District establish procedures to require the Special Education Department administrator to review and sign-off on each completed STAC form submitted by the consultant to ensure accuracy and completeness of the amounts reported. We also recommended that the District consider requiring the consultant to prepare a packet (hard copy or electronic) to support each STAC form and provide it to the Special Education Department to facilitate the review of these records. The packet would include all documents necessary for an independent reviewer to arrive at the same totals and a lead sheet indicating the cost computation for each service provided.

**Risk Assessment Update – May 2016 (This item is now closed)**

*We note that the District has established procedures to require the Special Education Department administrator to review and sign-off on each completed STAC form submitted by the consultant.*

**STAC Forms – Increase Benefits Costs**

**Agreed-Upon Procedures – 2015**

We recommended that the District increase the estimate used for benefits costs for aides, since the current rate of 8% was low, and consider if any new STAC forms needed to be filed because the costs for any students receiving in-district services exceeded the high-cost aid threshold or if any revised STAC forms needed to be filed due to an increase in the costs. We also recommended that the District establish procedures to include details related to the estimates used for the STAC worksheets.

**Risk Assessment Update – May 2016 (This item is now closed)**

*We found that the District has increased the estimate used for benefits costs for aides and established procedures to include the details related to the estimates used for the STAC worksheets.*

**Confirming Purchase Orders**

**Agreed-Upon Procedures – 2015**

We recommended that the Special Education Department review the purchasing procedures to determine if the number of confirming purchase orders (PO) could be reduced by preparing POs prior to the receipt of goods or services whenever feasible. Additionally, ensure that all invoices were date stamped upon receipt.

**Risk Assessment Update – May 2016 (This item is now closed)**

*We note that the Special Education Department has established procedures to require the creation of POs prior to ordering goods or services whenever possible. We also found that the Special Education Department has implemented procedures to date stamp the invoices upon receipt.*

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**Scanning Documentation**

**Agreed-Upon Procedures – 2015**

We recommended that the District establish procedures to indicate which items (e.g., contracts, Board minutes, etc.) would be scanned and electronically attached as documentation for the POs, which would facilitate a complete and efficient review performed by the Purchasing Agent, Claims Auditor or Special Education Department personnel.

**Risk Assessment Update – May 2016 (This item is now closed)**

*We found that the District has established procedures to indicate which items would be scanned and electronically attached as documentation for the POs.*

**Provider Invoices – Clinicians' Rates**

**Agreed-Upon Procedures – 2015**

We recommended that the Special Education Department contact the service provider to request that its invoices include the clinicians' rates to facilitate the District's review and approval process prior to processing these payments through the Accounts Payable Department.

**Risk Assessment Update – May 2016 (This item is now closed)**

*We note that the Special Education Department has contacted the service provider and its invoices have been revised to include the clinicians' rates.*

**PAYROLL, PERSONNEL AND RELATED BENEFITS**

**CSI Time Clock Module – Written, Formal Procedures**

**Agreed-Upon Procedures – 2011**

We recommended that the Facilities Department develop written, formal procedures for the day-to-day operations of the CSI Time Clock module, including review and approval of system time cards, review, approval and posting of unresolved time, review and tracking of comp time, etc.

**Risk Assessment Update – 2013**

We noted that the District still needed to implement this recommendation.

**Risk Assessment Update – December 2014**

We noted that the Director of Facilities planned to start developing written, formal procedures related to the CSI Time Clock System during the 2015-16 year.

**Risk Assessment Update – May 2016 (This item is now closed)**

*We assisted the Director of Facilities with developing written, formal procedures related to the CSI Time Clock System as part of our agreed-upon procedures engagement.*



**SCARSDALE UNION FREE SCHOOL DISTRICT**  
**Risk Assessment Update Report (Continued)**  
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**Teacher Evaluations and Credits**

**Risk Assessment Update – 2012**

We recommended that the District consider acquiring specialized software to assist with the administration of employee evaluations and teacher educational credits and also consider utilizing the functions that are currently within the CSI System to manage these activities more efficiently, to reduce laborious tasks and to decrease potential manual errors.

**Risk Assessment Update – 2013**

We noted that the District still had formal procedures and maintained detailed records related to teacher evaluations and credits earned from appropriate courses; however, these processes were still manually intensive. We again recommended that the District consider acquiring specialized software to assist with the administration of employee evaluations and teacher educational credits. We also recommended that the District consider utilizing the functions within the CSI System to manage these activities more efficiently, to reduce laborious tasks and to decrease potential manual errors. Good business practice and strong internal controls utilize technology to obtain efficiencies. A specialized software program would also facilitate the tracking and reporting of data that must be submitted to the state as per the requirements of the Annual Professional Performance Review (APPR).

**Risk Assessment Update – December 2014**

We noted that the District had been addressing the implementation of the CSI System's position controls and salary guides, and planned to address this item during the 2015-16 year.

**Risk Assessment Update – May 2016 (This item is now closed)**

*We note that the District has acquired specialized software (My Learning Plan) and is in the process of configuring and setting up this new program with the goal of rolling out this new process during the 2016-17 year. This program is also compatible with the Aesop program, as these companies are now owned by the same organization (Front Line).*

**Contacting Substitute Teachers**

**Risk Assessment Update – 2013**

We recommended that the District consider implementing an automated substitute teacher system (e.g., Aesop) to manage activities related to finding and filling teacher absences, since we noted that the District used manual procedures that resulted in operational inefficiencies and there were problems with the availability of the consultant assigned this task. An automated process would enhance operational efficiencies, streamline procedures and improve accessibility times and reporting capabilities.

**Risk Assessment Update – December 2014**

We noted that the District has been addressing the implementation of the CSI System's position controls and salary guides, and planned to address this item during the 2015-16 year.

**SCARSDALE UNION FREE SCHOOL DISTRICT**  
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*Risk Assessment Update – May 2016 (This item is now closed)*

*We found that the District has implemented an automated substitute teacher system (i.e., Aesop) to manage activities related to finding and filling teacher absences. We have been informed that this has improved operational efficiencies and streamlined procedures related to substitute teacher activities.*

**Board Approvals – Prior to the Events**

Agreed Upon Procedures – 2013

We recommended that the District establish procedures to obtain Board approvals related to the names and rates of pay, if necessary, prior to the date of the event (e.g., proctoring of test exams, nurses who work on “gold card” clearance, supervision of athletic events and working the time clock for basketball games, etc.). We understood that there were instances when events would take place prior to the Board approval because the names of the individuals were not known in advance. We recommended that these rates of pay and, if possible, the maximum amount of payment, be approved by the Board prior to the event. Another consideration was to include the rates of pay in the respective bargaining unit contracts. We suggested that the District review all of the scenarios involving these types of compensation when addressing this recommendation.

Risk Assessment Update – December 2014

We found that this item had been partially implemented. We noted that during the 2014-15 year, the Board approval included rates for supervision of athletic events and working the time clock for basketball games. We also understood that the District had discontinued the practice of allowing nurses to charge time for “gold card” clearance. In addition, we were informed that the individuals who proctored the PSAT exams were not Board approved until after the event took place; but prior to payment. Subsequently, each individual was listed along with the amount to be paid on the Board agenda. We were further informed that during the 2015-16 year the rates for the various categories of testing would be listed on the Board agenda to be approved prior to the testing taking place.

*Risk Assessment Update – May 2016 (This item is now closed)*

*We note that the District has implemented procedures to list the rates for the various categories of testing on the Board agenda to be approved annually prior to the testing taking place.*

**Teachers Contract – Mid-year Increase and Additional Steps**

Risk Assessment Update – December 2014

We recommended that the District consider alternative options to address the concerns related to a mid-year increase and additional steps. One suggestion was to determine the annual increase for each teacher based on a mid-year increase and setting up the system to pay this amount over the course of the fiscal year. The starting salary schedule for the 2016-17 year would be adjusted to reflect the annual salary amount based on the mid-year increase. For example, the starting salary in 2015-16 for a teacher is \$100,000 and the mid-year increase is 2%. The annualized salary would be \$101,000 for payroll purposes and the starting salary for the 2016-17 year calculations would be \$102,000. Although the contract language did not include specific implementations related to handling this mid-year increase, we recommended that the District consider discussing this matter with its legal counsel because this would probably require a memorandum of agreement.

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*Risk Assessment Update – May 2016 (This item is now closed)*

*We found that the District had a mid-year increase and additional steps related to the teachers' contract, which resulted in administrative challenges. This includes resolving the issue with the steps containing a letter "a", so the CSI System can systematically handle these additional steps. We understand that the District is aware of this matter and that it involves legal concerns because this is language in the bargaining unit contract.*

**PURCHASING AND RELATED EXPENDITURES**

**Purchasing Agent**

Risk Assessment Update – December 2014

We recommended that the District develop a plan prior to the 2015-16 year related to the full-time equivalent (FTE) reduction of the purchasing agent position. This plan needs to ensure that the appropriate segregation of duties are in place by not assigning another employee the authorization to approve purchase requisitions when the purchasing agent is not working; the workflow is scheduled accordingly by taking into account the purchasing agent's schedule; the process purchasing activities are fiscally prudent and the purchasing procedures follow the required laws and guidelines.

*Risk Assessment Update – May 2016 (This item is now closed)*

*We found that the District has revised the duties of the purchasing agent in accordance with the FTE reduction.*

**Mobile Phones – Board Approved List**

Risk Assessment Update – December 2014

We recommended that the District include a Board approved list of employees who are assigned a District mobile phone and include the reimbursement amount. Since we noted that the Board Regulation listed the positions that were entitled to either be issued a District mobile phone or be reimbursed for the use of their mobile phone, but we found that there was no Board resolution that included an annual list of employees to whom reimbursement would be made and the amount to be reimbursed.

*Risk Assessment Update – May 2016 (This item is now closed)*

*We understand that the District considered this recommendation and decided to continue with the current practice.*

**Field Trips - Bids and Quotes**

Risk Assessment Update – December 2014

We recommended that the District consider setting up a bid related to transportation for field trips to comply with General Municipal Law (GML) §103(1). We suggested bidding on the following basis: cost per mile within a certain radius and using an annual estimate of field trips.

*Risk Assessment Update – May 2016 (This item is now closed)*

*We understand that the District set-up a bid related to transportation for field trips in compliance with GML §103(1).*

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**FACILITIES**

**Construction – Bond Projects**

**Risk Assessment Update – December 2014**

We recommended that the District consider establishing a Board policy related to change orders, allowances and budget transfers related to capital projects that would include required specific administrative and Board approvals based on thresholds, since the District had recently passed an \$18.12 million bond referendum to fund several capital projects. We understood that the District's practice was to obtain Board approval for change orders to the contract in excess of \$7,000, which was a threshold that was established back in 1990 by practice rather than Board policy. We suggested that the District consider increasing this threshold, which seemed too low to be practical.

**Risk Assessment Update – May 2016 (This item is now closed)**

*We found that the District has established 2 new Board policies under the Facilities section related to capital projects: Board Policy #7335 – Change Orders (Change in Scope of Work on Capital Construction Project) and Board Policy #7360 – Construction Contracts, Bidding and Awards. Board Policy #7335 states that "The Board authorizes the Superintendent of Schools or designee, to approve increases in the planned capital facilities bond project work (change orders) in an amount not to exceed \$50,000 per change order. Individual change orders which exceed \$50,000 will require prior Board approval."*

**CAPITAL ASSETS**

**Improve Procedures – Disposal of IT Assets**

**Agreed-Upon Procedures – 2015**

We recommended that the District implement procedures to have the Audio-Visual (AV) Technical Services staff and the vendor, who purchased the obsolete items, each sign-off on the list of disposed items when these assets were picked up at the respective buildings. This would provide a proper reconciliation from the list of disposed items per the District and the obsolete inventory picked up by the vendor.

**Risk Assessment Update – May 2016 (This item is now closed)**

*We note that the District implemented procedures to ensure that the list of disposed items agrees to the inventory picked up by the vendor.*

**Update Asset Database**

**Agreed-Upon Procedures – 2015**

We recommended that the District establish a plan to update the RAMI database with the correct room locations of the assets and develop procedures to ensure that changes to room locations are updated in the RAMI database timely. These revisions would take place in the event that any asset was placed in service, transferred, or disposed of.

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Risk Assessment Update – May 2016 (This item is now closed)

*We found that the District has updated the RAMI database with correct room locations of the assets and established procedures to inform the Accountant about changes to room locations. We also understand that the District plans to perform a full physical inventory by January 2017 and to update the RAMI database as necessary.*

**EXTRACLASSROOM ACTIVITY FUND**

**Extraclassroom Activities (Cash Receipts) – Improve Controls at Middle School**

Agreed-Upon Procedures – 2010

We recommended that the District improve controls related to the cash receipts procedures in the extraclassroom activities as follows:

- Create standard documents and develop written, formal procedures to be used at the HS and the MS to establish consistency and commonality. We recommended that the MS use the Deposit Form that is in place at the HS, which includes a section for the student treasurer. The procedures would require the completion of the Statement of Income with each receipt to support the amount of the cash receipts deposited with the central treasurers.
- Create a list of defined duties for all persons with responsibilities related to the cash receipts activities of the clubs.

Risk Assessment Update – 2012

We noted the following related to each item above:

- The MS had not implemented the use of the HS Deposit Form. We also understood that during many MS fundraisers, parents collect the money during these events and give the receipts to the faculty advisor at the end of the event. However, the faculty advisor did not count the money collected and they submitted the funds to the MS Central Treasurer, who is responsible to count the money and complete the Deposit Form. The MS Central Treasurer had no way of assuring that all money collected was deposited.
- The District still needed to create a list of defined duties for all persons with responsibilities related to the cash receipts activities of the clubs.

Risk Assessment Update – 2013

We understood that there was some progress with the extraclassroom activities at the MS working with students to teach procedures for properly counting the receipts. We planned to follow up with this item during the 2014 risk assessment engagement, which would include a meeting at the MS and review of receipts documentation.

Risk Assessment Update – December 2014

We noted that there had been continued improvement related to strengthening the receipts process by requiring more documentation to support the amount of funds submitted to the MS Central Treasurer. For example, the pizza sales, hot chocolate day and international food day receipts included proper supporting records. However, our review of several receipts noted that there were funds that were not properly supported by documentation that should include the ticket numbers, quantities sold, etc. These included the 8th grade musical (\$1,614), talent show (\$1,303), plant sale (\$1,586), pool party (\$6,840) and Buon Amici sandwich day (\$3,157). We recommended that the MS continue strengthening the cash receipts process by establishing procedures to require the clubs to complete

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the back side of the Deposit Form, which lists the details of the deposit including admissions and includes a section to list information for pre-numbered tickets.

*Risk Assessment Update – May 2016 (This item is now closed)*

*We understand that the MS has established procedures to require the clubs to complete the back side of the Deposit Form, which lists the details of the deposit including admissions and includes a section to list information for pre-numbered tickets.*



