

Scotia - Glenville



Central Schools

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March 14, 2024

Ken Ziobrowski
Internal Audit Manager
Questar III BOCES
10 Empire State Boulevard
Castleton, NY 12033

Dear Ken:

I am in receipt of your draft report on the District's 2023-24 Annual Risk Assessment.

I wish to provide the following comments/clarifications regarding "Inherent Risk Areas" you have identified in the report (page 1 of your report).

Changing Environment: The Business Office employees are cross-trained to cover all critical processes.

- The Accounts Payable/Assistant Payroll Clerk is cross-trained to perform the Payroll Audit Clerk duties.
- The Deputy Treasurer is cross-trained to perform the Accounts Payable duties and can back up if necessary.
- The School District Treasurer has experience in payroll and accounts payable processing and can back up if necessary.

Complex Transactions:

- The Claims Auditor reviews warrants. During this process she looks at the back-up from the Business Office and/or Departmental personnel.
- I do not feel we are at risk in this area as the Claims Auditor is doing the recommendations you are suggesting in your report.

Segregation of Duties:

- We have segregated duties in all critical functions and continue to do so. Bank Recs are done by an external person, at the previous recommendation of Questar during a previous risk assessment audit. We have significant overlap of checks and balances in all critical function areas.

Prior Audits:

The Audit Committee selects areas for auditing on a yearly basis, rotating the areas selected every year.

In response to the "Prior Year's Comments and Recommendations" (pages 4 – 6 of your report):

IT-

- **Disaster recovery** - the plan is to develop something as soon as possible, but likely after the end of the school year as we have / had some projects taking place and in the works that took a large chunk of time. I am looking to see how other districts in our area developed one but also have a barebones template to work from and we can tailor it to meet our needs. We do, however, have typical DR pieces in place (backups), hosted solutions through the BOCES.
- **Smart Schools** - committee formed that meets monthly and working towards a spending plan with the Asst. Superintendent for Curriculum and Instruction
- **Phishing email simulation** (possibly 24/25 add) - looking into a platform that can do this as well as provide periodic training around this - BOCES aidable service/platform called **Mimecast**. Questar recommended **KnowBe4** which is not currently aidable and is considerably more expensive - it may be available through a cross-contract, which would add x-contract fees

Extraclassroom Fund Activities (ECAAF) – The following should be noted under "Updated January 2024":

- Only one club does fundraising at the middle school.
- We have sent the template for inventory, P & L and fund raising request form
- We provide annual training to ECAAF advisors, etc. on all ECAAF activities, including fund raising requirements
- Going forward, the Middle School Faculty Auditor will select a sample of cash receipts, reimbursements, etc. to review
- Going forward, the District will require two signatures on checks, one being the treasurer and the other the building principal

Human Resources- The following should be noted under "Updated January 2024":

- The district does try to get a fingerprint clearance before a new employee's start date, however there are times when the necessity of filling the position is time sensitive and in those cases, we allow the employee to start pending their clearance. In these instances, it is noted on the board agenda that their employment is contingent upon the pending clearance. We follow up to ensure that they are fingerprinted in a timely manner.
- The district completes a review of the roll-over of accrued time off and also provides an attendance statement to all employees once a year for their verification.

Payroll-

The following should be noted under "Updated January 2024":

The back-up payroll clerk has processed payroll twice this school year. Also, since the last back-up (who was trained on payroll), moved up to Deputy Treasurer, we now have two people able to perform the functions.

General- The Business Office will be working on formalizing guidelines for back-up roles and functions as the working dynamic of the office changes within the next year.

In response to "Issues Identified in the Current Year" (page 7 of your report):

Claims Auditing

- The claims auditor prepares the bank reconciliations per a recommendation by Questar BOCES several years ago. The treasurer reviews and prepares treasurer reports and the Business Manager signs off on the bank recs as well. The claims auditor has no access to Envision cash receipt or disbursement functions and does not physically touch cash or checks coming into the Business Office. Questar has commended the district in past years for the outside preparation of the bank reconciliations and the district's external auditors (West & Co), is fine with this practice.

Extraclassroom Fund Activities (ECAAF)

- The bank reconciliations for the Middle School ECAF accounts will be performed by the Treasurer going forward, the auditor will be the reviewer
- The Middle School ECAF auditor will no longer be an authorized signer for checks
- The High School principal will not be the ECAF auditor after this school year

Please note, the Middle School ECAF signer was the only issue raised during previous risk assessment audits, this is the first time the other two issues have been raised.

Human Resources

Any cabinets that contain personally identifiable information are locked during non-Business hours. To lock and unlock these cabinets during the workday would be not be a prudent use of time, considering that the people in the office where these files are kept are all managerial confidential employees.

Lunch Program

In 21-22, the District received a significant increase in federal money due to COVID, creating a surplus the district was required to spend down. In 22-23, the district used this excess surplus to purchase necessary supplies and equipment for the lunch program. The district surplus was still \$247,000 at the end of the 22-23 school year.

Please review and amend your report as necessary and then send a revised draft for me to review.

Feel free to call me if you have any questions.

Sincerely,



Andrew Giaquinto
School Business Manager