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November 7, 2022

VIA EMAIL

Board of Education
Wantagh Union Free School District
3301 Beltagh Avenue
Wantagh, NY 11793

Re: Internal Audit Key Control Reports

Board of Education:

We have performed internal audit services for the Wantagh Union Free School District applicable to various key controls within the Business Office. The services we performed include testing, reviewing and evaluating internal controls pertaining to selected transactions and accounting functions within the Business Office of the District. Enclosed within this correspondence are individual internal audit reports for work performed to date in the following audit areas:

- ☐ **Bank Reconciliations and Treasurer's Reports**
- ☐ **Budget Transfers**
- ☐ **Building Access**
- ☐ **Journal Entries**
- ☐ **Payroll Disbursements**
- ☐ **Purchasing Process**
- ☐ **Use of Facilities**

If you have any questions or you would like to discuss this matter further, please contact our offices.

Very truly yours,

Nawrocki Smith LLP

INTERNAL AUDITOR'S REPORT

Wantagh Union Free School District

Bank Reconciliations and Treasurer's Reports

June 2022

Inherent Risk Rating:



Control Risk Rating:



Audit Opinion:



Purpose/Objectives:

Bank reconciliations and Treasurer's Reports show the relationship between the recorded cash inflow and outflow and the actual cash inflow and outflow. For that reason, it is imperative to monitor this relationship to identify and rectify outstanding and unusual items in a timely manner. Documented, knowledgeable oversight of the bank reconciliations and Treasurer's Report can increase the District's control over its resources. Testing procedures were conducted to assess the processing and maintenance of the bank reconciliations and the Treasurer's Reports.

The objectives of the testing were to:

- Determine compliance with District policies and procedures
- Review for mathematical accuracy
- Determine if bank balances agree to bank statements
- Determine if book balances agree to general ledger balances
- Review for old outstanding items and any unusual reconciling items
- Determine if information from the bank reconciliations agree to the Treasurer's Reports
- Evaluate the sufficiency of supporting documentation
- Determine if beginning book balances agree to the prior month's ending book balance
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process; if applicable

Scope:

We analyzed one hundred percent (100%) of bank reconciliations, eleven (11) in total, and monthly Treasurer's Reports for the months of May 2022 and June 2022 against the objectives noted above.

Observation

We noted that all eleven (11) bank reconciliations and Treasurer's Reports tested were in compliance with the objectives noted above. We also noted that bank reconciliations and Treasurer's Reports are being reported to the Board of Education in a timely manner.

➤ *No recommendation at this time.*

Audit Comment:

[REDACTED]

INTERNAL AUDITOR'S REPORT

Wantagh Union Free School District

Budget Transfers *June 2022*

Inherent Risk Rating:



Control Risk Rating:



Audit Opinion:



Purpose/Objectives:

Budget transfers are sometimes necessary throughout the school year. School district administrators are responsible for monitoring their respective budget codes to ensure that funds are being utilized, but not overspent. Section 170.2(1) Commissioners Regulations and Chapter 436 of the Laws of 1997 addresses restrictions regarding transfers to and from non-contingent budget codes. School districts are required to implement a Budget Transfer Policy to provide guidance regarding the procedures and approvals that are needed to transfer funds. Documented oversight of budget transfers, that is both consistent and reliable, can increase the District's control over their budget and spending. Testing procedures were conducted to assess the processing and maintenance of budget transfers.

The objectives of the testing were to:

- Determine compliance with District policies and procedures
- Ensure proper approval in accordance with transfer amount
- Evaluate the sufficiency of supporting documentation
- Trace and agree supporting documentation to Budget Transfer Report
- Determine compliance with Section 170.2(1) of the Commissioners Regulations and Chapter 436 of the Laws of 1997
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process; if applicable

Scope:

We analyzed fifteen (15) budget transfers for the months of July 2021 through June 2022 to determine compliance with the objectives noted above.

Observation

We noted that all budget transfers tested were in compliance with the objectives noted above.

➤ *No recommendation at this time.*

Audit Comment:



INTERNAL AUDITOR'S REPORT

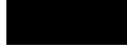
Wantagh Union Free School District

Building Access *April 2022*

Inherent Risk Rating:



Control Risk Rating:



Audit Opinion:



Purpose/Objectives:

School districts are responsible for limiting and monitoring building access. There should also be procedures in place to properly screen any visitors prior to entering a building and staff access should be granted in accordance with their job duties and responsibilities. It is imperative to monitor the different levels of building access to ensure that proper procedures are in place to protect staff and the school population. Testing procedures were conducted to assess the District's adherence to established policies and procedures regarding building access for staff and visitors.

The objectives of our analysis were to:

- Determine compliance with District policies and procedures
- Verify that building access procedures are in place and operating effectively
- Verify that visitors are properly screened prior to entering the building
- Verify that staff access is granted in accordance with their job duties and responsibilities
- Verify that staff access badges are only issued to active employees and consistent with their building assignment
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process, if applicable

Scope:

We compared the staff badge access listings for each building to an active employee and building assignment report to determine if badges are issued only to active employees and that access is consistent with their building assignment. We also performed walkthrough evaluations at the District's five (5) school buildings. Our walkthrough consisted a review of procedures for visitors, faculty and students to enter the building.

Observation and Recommendation #1



Observation and Recommendation #2

[REDACTED]

■ [REDACTED]

Observation and Recommendation #3

[REDACTED]

■ [REDACTED]

Audit Comment:

[REDACTED]

INTERNAL AUDITOR'S REPORT

Wantagh Union Free School District

Journal Entries *June 2022*

Inherent Risk Rating:



Control Risk Rating:



Audit Opinion:



Purpose/Objectives:

Journal entries include a wide range of infrequent or perhaps unexpected transactions. Documented oversight of the general journal, that is both consistent and reliable, can increase the District's control over its journal entries and reduce the likelihood of error or misappropriation. Testing procedures were conducted to assess the processing and maintenance of journal entries.

The objectives of the testing were to:

- Determine compliance with District policies and procedures
- Ensure proper approval was obtained for journal entries
- Evaluate the sufficiency of supporting documentation
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process, if applicable

Scope:

We selected fifteen (15) journal entries for the months of July 2021 through June 2022 in order to test that the District's processing of journal entries is in compliance with the objectives noted above. Normal recurring journal entries, such as payroll and interest entries, were not included in our sample.

Observation

We noted that all journal entries tested were in compliance with the objectives outlined above.

➤ *No recommendation at this time.*

Audit Comment:



INTERNAL AUDITOR'S REPORT

Wantagh Union Free School District

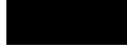
Payroll Disbursements

June 2022

Inherent Risk Rating:



Control Risk Rating:



Audit Opinion:



Purpose/Objectives:

Payroll disbursements are processed in the Payroll Department and consist of semi-monthly payments to employees for contractual, hourly, per diem, and overtime hours worked. Payment rates vary by employee type, title and years at the District. For that reason, it is imperative to monitor payroll disbursements to ensure that the District is paying employees in accordance with employee bargaining unit contracts, individual contracts, or Board of Education approval. Testing procedures were conducted to assess the processing and monitoring of payroll disbursements.

The objectives of the testing were to:

- Ensure compliance with District policies and procedures
- Verify that the rate of pay in the District's accounting system agrees to salary schedules in employee contracts or Board of Education approval
- Verify that overtime payments have prior approval
- Verify that employee step and level are accurate and supported with complete documentation
- Verify that hourly employees are paid timely and hours worked are in the proper pay period
- Verify that timesheets have the proper approvals and are mathematically accurate
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process; if applicable

Scope:

We selected thirty (30) employees, fifteen (15) contractual and fifteen (15) hourly or extra-pay items, included in the February 28, 2022 payroll disbursement and tested such transactions against the objectives noted above.

Observation and Recommendation #1

We noted that although the timekeeping system utilized by the Facilities Department has timesheet capabilities and calculates weekly hours worked by each employee as per the times the employee punch in and out, the system is utilized for attendance purposes, not payroll.

- *We recommend that the District consider utilizing the weekly timesheets that can be generated by the timekeeping system for each employee to enter payroll into the District's accounting system instead of the timesheet and summary sheet process noted above. Each timesheet from the system includes the date, day of the week, time in, time out, total hours per day, shift, and site of punch in or punch out. There is also an area for employee signature, supervisor signature, and date. Therefore, all approval signatures can be documented on one (1) timesheet before being forward to the Payroll Department for processing.*

Observation and Recommendation #2

We noted that there is no documented prior approval for overtime hours. It should be noted that the employee's direct supervisor is aware of any overtime hours worked by the employee.

- *We recommend that direct supervisors document their approval for employees to work overtime prior to the employee working overtime.* [REDACTED]

Observation and Recommendation #3

We noted that the overtime and double time rates for an employee were not calculated correctly. The employee was underpaid for overtime and double time hours worked.

- *We recommend that the District verify overtime and double time rates to bargaining unit contracts to ensure that calculations are correct.* [REDACTED]
- *It should be noted that upon informing the District, the pay rate was updated in the District's financial system, and the employee's next payroll check was adjusted accordingly.* [REDACTED]

Observation and Recommendation #4

We noted that the hours reported on two (2) timesheets were not calculated correctly resulting in underpayments to the employee.

- *We recommend that all pay rates and hours reported on the timesheets be reviewed for accuracy and recalculated prior to processing.* [REDACTED]

Audit Comment:

[REDACTED]

INTERNAL AUDITOR'S REPORT

Wantagh Union Free School District

Purchasing Process

April 2022

Inherent Risk Rating:



Control Risk Rating:



Audit Opinion:



Purpose/Objectives:

The purchase order process is an integral part of school district operations that effects all departments and areas. General Municipal Law and Board of Education Policy outline the proper procedures to be followed when submitting a purchase order requisition, including consideration of annual vendor purchases. There are documentation requirements such as obtaining quotes, bids, or requests for proposal (RFPs) when annual purchases from a vendor are anticipated to exceed Board Policy thresholds and General Municipal Law. Documented oversight, that is both consistent and reliable, can assist the District in obtaining and maintaining proper supporting documentation for purchase orders as well as limiting the number and dollar amount of purchase order increases. Testing procedures were conducted to assess the processing and documentation surrounding the purchase order process.

The objectives of the testing were to:

- Determine compliance with District purchasing policies and General Municipal Law
- Determine if purchase orders are subject to bidding, RFPs, or quotes
- Determine if proper supporting documentation was obtained for each purchase order
- Determine if bid, RFP, and quote detail agree to purchase order detail
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process, if applicable

Scope:

We selected fifteen (15) purchase orders that were created from July 2021 to February 2022 and tested purchase orders and supporting documentation against the objectives noted above.

Observation

We noted that the fifteen (15) purchase orders selected for testing were in compliance with the objectives noted above.

➤ *No recommendation at this time.*

Audit Comment:



INTERNAL AUDITOR'S REPORT

Wantagh Union Free School District

Use of Facilities *June 2022*

Inherent Risk Rating: [REDACTED]

Control Risk Rating: [REDACTED]

Audit Opinion: [REDACTED]

Purpose/Objectives:

The Board of Education has adopted a policy regarding the use of district facilities by outside organizations. The use of facilities could provide additional revenue to school districts but also may increase the risk of disrupted school operations and additional facilities maintenance costs. Documented, knowledgeable oversight of the use of facilities can increase the District's control over its resources. Testing procedures were conducted to assess the processing and recordkeeping regarding the use of district facilities.

The objectives of the testing were to:

- Verify compliance with District policies and procedures
- Verify that use of facilities applications are properly completed and approved
- Verify that there is a current certificate of liability insurance on file for all approved organizations
- Verify that organizations are invoiced for any use of facilities fees, if applicable
- Verify that the amount received by the District is accurate, complete, and timely, if applicable
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process, if applicable

Scope:

We requested a list of approved use of facilities applications for the time period of July 2021 to June 2022 and tested ten (10) use of facilities requests to determine compliance with the objectives outlined above.

Observation and Recommendation #1

We noted that all requests for use of facilities are processed through a software system called Q-Ware. The system is also used to approve requests and maintain a schedule of events. However, we were informed that approved requests and organization information could not be retrieved from the system for events that have already occurred. Therefore, we were only able to review request notification emails that had been printed.

- *We recommend that the District print all approved use of facilities requests from the Q-Ware system.* [REDACTED]

Observation and Recommendation #2

[REDACTED]



Audit Comment:

[Redacted]