

**Southern Westchester BOCES**  
**Independent Accountant's Report On**  
**Applying Agreed-Upon Procedures**  
April 5, 2018

**SOUTHERN WESTCHESTER BOCES**  
**Report on Applying Agreed-Upon Procedures**  
**For the Period Ended November 30, 2017**

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**Introduction:**

This report is categorized by function (i.e., Staff Attendance, Cash Receipts and Financial Software Security), and there are five sections under each function consisting of:

- Background information
- Summary of the engagement
- Procedures performed during our detailed testwork
- Findings as a result of our review
- Recommendations to further strengthen internal controls or improve operational efficiency.

Some of the recommendations may require a reassignment of personnel duties within the District and/or a monetary investment. However, any enhancement of controls should be done after a careful cost-benefit analysis.

**Corrective Action Plan:**

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 submit a Corrective Action Plan (CAP) along with the respective Internal Audit Report via the New York State Education Department portal.

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**STAFF ATTENDANCE**

**Background:**

We performed a review of SW BOCES' staff attendance activities that included meetings, discussions and testwork to determine the effectiveness of the function in complying with policies and procedures.

Each employee is required to sign-in every day and to record all absences on the sign-in sheet for the pay period. At the end of the two week period, the sign-in sheets are then reviewed and approved by the employee's supervisor. SW BOCES utilizes the attendance module of WinCap to track and maintain attendance. However, attendance procedures at each center differs. Two Centers (Occupational Education and Special Services) utilize the AESOP System to record absences and electronically assign substitutes if necessary. The information is downloaded daily, electronically into WinCap by the Attendance Clerk at Berkley Drive to update attendance balances. At the Professional Development and Adult Education Centers, a staff member enters attendance directly into WinCap; the attendance information is then summarized from the sign-in sheets for each pay period and sent to the Attendance Clerk at Berkley Drive. While at Athletics and Public Information Centers, a staff member sends in approved sign-in sheets to the Attendance Clerk at Berkley Drive to enter all absences into WinCap. Other departments in SW BOCES follow the same procedures as Athletics and Public Information. The above centers also send in signed vacation and personal day request forms to the Attendance Clerk at Berkley Drive to reconcile to the absences recorded. The Attendance Clerk also reconciles sign-in sheets to absences for those Centers/Departments for which she receives them.

All employees of the Lower Hudson Regional Information Center (LHRIC) use E-Forms, an electronic attendance tracking system. Each pay period, employees enter hours worked or time off for each day in the timesheets. Employees complete an online absence request for any personal and vacation day requests; this request is emailed to the employee's supervisor for approval. Stronger system controls have been added to E-Forms in the last year to enhance the system. Timesheets cannot be submitted for approval unless all days have been completed, any vacation or personal time entered must have an electronic pre-approval. Also, if an employee enters hours worked on a day when vacation or personal time has been requested, the timesheet cannot be approved. We were informed that in its current state attendance data from E-Forms cannot be downloaded into WinCap; however, with system enhancement the capability can exist.

**Summary:**

We found overall that there are opportunities for improvement related to the attendance function. See below for our specific findings and recommendations.

**Procedures:**

Our procedures related to staff attendance, as per the engagement letter dated September 27, 2017, were as follows:

- Review Board policies, BOCES procedures, collective bargaining agreements and employee contracts related to staff attendance.
- Interview BOCES employees responsible for recording and/or monitoring staff attendance regarding policies, procedures, and systems in effect and the tracking and listing of employees during the day.
- Review the internal controls and procedures related to the staff attendance processes, note the strengths and weaknesses within the process, and identify the key control attributes for testing.

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- Review the staff attendance activities during the period as follows:
  - For each school and any department that administers staff attendance recordkeeping, select 2 pay periods and compare attendance reporting to supporting documentation. On a test basis, trace absences per the records to entries into the financial (or other) system.
  - Select 50 entries identified from the financial (or other) system, made during the period and trace to supporting documentation.
  - Determine the systematic and/or manual procedures to reconcile the attendance logs to the financial (or other) system records and to ensure the completeness of the records.
  - Review the annual rollover of the attendance records from June 30, 2017 to July 1, 2017 for accuracy and compliance with contractual obligations. Review any unusual variances.
  - For any monthly award of benefit time select one monthly accrual and test 25 entries to ensure compliance with contractual obligations.
- Review the results of interviews and testwork with the senior administrators to discuss opportunities for operational efficiencies and improvements, both systematically and functionally, related to staff attendance.

**Findings:**

Review of Board policies, SW BOCES procedures, collective bargaining agreements and employee contracts related to staff attendance, along with interviews with SW BOCES employees responsible for recording and/or monitoring staff attendance noted:

- There are no formal, written procedures related to attendance at the Centers for such items as recording absences, signing in and out each day, review and approval of timesheets.
- As part of the review, we met with the person responsible for attendance at each Center and several departments to document attendance procedures. As noted in the background section above, the various centers and departments use different systems to record attendance.
- All locations use sign-in sheets to document whether employees are present or out each day. During our review we noted:
  - All employees do not sign-in and out each day at the Special Services Center. We noted that on numerous occasions sign-in sheets we reviewed were incomplete and not all were reviewed and approved by the employee's supervisor. Additionally, the sign-in sheets for Special Services are not sent into a central location; they are filed at each site. We also noted at the Special Services Center that if an employee is out on Family Medical Leave Act (FMLA), no information is entered on the sign-in sheet to indicate that the employee is out; it is left blank.
  - We have been informed that there are some issues at the Athletics Department regarding not completing sign-in sheets daily. On the day of our review, there were individuals that had not signed in for the day or out for the prior day.
  - The Clerk at the Professional Development Center is approximately 1 month behind in recording absences in WinCap for the Center.
  - The Executive Director of the LHRIC does not complete his own electronic timesheet; it is completed by his Assistant in E-Forms prior to each pay period. This electronic timesheet does not have an approval path to be routed for approval by the Superintendent, a manual timesheet is sent for approval. Additionally, the Assistant also completes manual requests for vacation/personal days

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for the Director and prepares the electronic request, along with a completed hard copy and sends them to the Executive superintendent to be approved.

- There are no formal, written procedures for intermittent FMLA including instances when the leave is not for the employee, but used to care of a relative.

Reconciliation of all staff sign-in sheets, AESOP absence reports, E-Forms timesheets to absence entries recorded in WinCap for 2 pay periods for each center and department that administers staff attendance recordkeeping. Additionally, identified 50 entries from sign-in sheets and traced to WinCap to ensure that the absences were properly recorded noted:

- We also selected 25 vacation or personal days taken and compared to the approved request for time off. We noted there were no pre-approvals on file for 6 of the 25 requests reviewed.
- Of the sign-in sheets that are received and reconciled by the Attendance Clerk, we noted there were a few instances where either the absence was recorded on the sign-in sheet, but not entered in WinCap, or the absence was entered incorrectly in WinCap by the Attendance Clerk (i.e., an absence not recorded in WinCap, but recorded in E-Forms, ½ day versus full day absence, absence requested but not taken was recorded against employee balance, absence entered on the wrong day).
- There were many instances at the Special Services Center where employees did not sign-in or out for all pay periods reviewed. During our review of the sign-in sheets, we also noted instances where the employee did not sign-in or out for a day; however, since the Attendance Clerk did not receive the sign-in sheet, there was no follow up as to whether the employee was absent from work or just did not sign-in and out for the day. There were also some instances where part of a sick day was recorded, but the absence was not recorded in WinCap because it was not entered in AESOP or communicated to the Attendance Clerk to update the employee's balance in WinCap.
- There was one instance where an employee was granted comp time, which was used prior to being earned (during the same pay period). Additionally, this instance of comp time was not entered in WinCap when earned or taken.
- It has been past practice for ITS workers at the LHRIC that are assigned to work at a district to follow their district's holiday schedule. This has become an issue because the new service delivery model has changed the way staff is assigned to districts. Staff are no longer assigned to one district 100% of the time, they are required to split 60%/40% with more than one district. There are no written procedures for the way to handle an employee working at more than one district with different calendars.
- There was no approval signature on a timesheet for the pay period October 30, 2017 to November 10, 2017 and no approval signatures on 2 timesheets for May 15, 2017 to May 27, 2017.
- We were informed that controls were added earlier this year to E-Forms, such as vacation or personal days cannot be entered on a timesheet by an employee unless they are electronically pre-approved by the Supervisor. Hours must be entered for all work days on the time sheet in order for it to be forwarded for approval and an email reminder is sent to the Supervisor if an employee has not entered their time for the pay period. We were also informed that the instances noted below were prior to these controls being implemented.
  - There were two instances where an employee was able to make changes to their timesheet after a Supervisor's approval. In the first instance, it was recorded that the employee worked on the day, this was changed to a vacation day. In the second instance, no time was recorded for the days, it was changed to worked time. There was one instance that an employee took vacation days 10/30-11/1/17; however, they did not record this time on the timesheet, this was submitted to the employee's Supervisor and rejected. After 4 weeks, the employee did not correct the timesheet and resubmit; therefore, the System Administrator intervened and routed

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timesheet with no recordings for the above dates, ultimately, the Supervisor approved it and it was routed to the Attendance Clerk. The Attendance Clerk researched and determined that the dates were vacation days.

Review of the systematic and/or manual procedures to reconcile the attendance logs to the financial system records to ensure completeness of the records, noted:

- The attendance clerks at the Career and Special Services Centers have access to update their own attendance in AESOP. We were informed that the supervisors receive a daily AESOP report of absences, but it is unclear if it is reviewed. We were also informed that the attendance clerks at the Career Center and the Special Services Center do not reconcile the sign-in sheets to absences entered in AESOP to ensure that all absences are recorded. We noted that some of the sign-in sheets at the Special Services Center were not reviewed and approved by the supervisor; all sign-in sheets are filed at each location and not sent into one central location.
  - We noted during our review, the Attendance Clerk at the Career Center was able to enter a sick day for herself after taking the day (sick day October 30, 2017, entered November 8, 2017 by Attendance Clerk), rather than sending the information to the Attendance Clerk at Berkley Drive to enter.
- There is no mechanism in place to track that all sign-in sheets were sent in to Berkley Drive. We noted that the Facilities Secretary's time sheet for the June 9<sup>th</sup> pay period (May 26-June 9, 2017) was not filed in the Personnel Department. A review of the sign-in sheets for 2017-18 filed in the binder in the Personnel Department noted that not all timesheets were approved.

Review of the annual rollover of the attendance records from June 30, 2017 to July 1, 2017 and 25 selections of accrual awards for accuracy and compliance with contractual obligations noted:

- One instance where an employee was entitled to receive 12 days upon completing 10 years of service with SW BOCES based on language in the bargaining unit contract; however, the employee was not provided with the increased allotment upon reaching 10 years of service this year. Based on our review the benefit award was reviewed and it was determined that the employee was entitled to the additional days and they were added during our field work.
- One instance where an employee may be due additional vacation time based on language in bargaining unit contract. According to the Teamsters Contract Article VIII, Section B, employee is due four weeks of vacation time after 8 years of uninterrupted service. The employee has been employed with SW BOCES for more than 8 years; however, had previously been a 10 month employee, before becoming a 12 month employee.

Review of the results of interviews and testwork with the senior administrators to discuss opportunities for operational efficiencies and improvements, both systematically and functionally, related to staff attendance, noted:

- The Administration should review if the AESOP System is a feasible option for all employees to use to record absences. Also, it should be reviewed if the functionality in AESOP to electronically route requests for vacation/personal days for approval is feasible for the entire organization to use.
- Additionally, the attendance procedures at the LHRIC should be reviewed to determine if the Center should be moved to AESOP or if they remain on E-Forms, SW BOCES should visit the option of purchasing the ability to systematically download timesheet data from E-Forms into WinCap to eliminate double entry.

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**Recommendations:**

We recommend that SW BOCES consider implementing the following items to further improve internal controls and operational efficiencies related to staff attendance:

1. Evaluate if the AESOP System should be utilized for all SW BOCES locations for staff attendance, including if the LHRIC should continue to utilize E-Forms or implement the AESOP System for staff attendance. If it is decided that they remain on E-Forms, SW BOCES should visit the option of adding the functionality of systematically downloading timesheet data from E-Forms into WinCap to eliminate double entry. SW BOCES should also review if the feature of electronic routing of personal/vacation day requests through AESOP can be efficiently implemented to eliminate the manual process of preparing a request form and having the Attendance Clerk reconcile to absences. Develop formal, written procedures for staff attendance, including procedures for each employee to sign-in and out each day, how absences should be recorded on the sign-in sheets, review and approval of the sign-in sheets, the most efficient process to reconcile the sign-in sheets to AESOP. The procedures should also address how employees will be disciplined if the sign-in procedures are not followed.
2. The Attendance Clerk should develop procedures to track that all sign-in sheets have been sent into the Attendance Office. These procedures should also address the required time frame to be sent into the Attendance Office to be able to timely enter absences into WinCap to ensure that employee attendance balances are up to date.
3. Set up the Superintendent with approval rights to approve the Executive Director of the LHRIC's timesheet and absence requests in E-Forms. Additionally, discontinue the practice of allowing the Assistant to the Executive Director entering the employee's time and absences in E-Forms.
4. Develop written procedures to address LHRIC employees working at more than one district with different calendars with the new service delivery model requiring splitting of employee's time at more than one district.
5. Develop procedures to ensure if the Attendance Clerks at the Career and Special Services Centers are able to make changes to their own attendance in AESOP, that it is reviewed by an independent person.
6. Develop formal, written procedures for intermittent FMLA leaves including documentation required when the leave of absence is to care for a relative.
7. Set up procedures to review all employees during the annual attendance roll over process to ensure that employee longevity is correct and that employees are allotted the appropriate number of sick, personal and vacation days, including when employees reach milestone dates detailed in the specific bargaining unit contracts.
8. Develop procedures so that all compensatory time earned and taken should be entered and tracked in WinCap and should not be used prior to being earned.

**CASH RECEIPTS**

**Background:**

Funds are collected at the Occupational Education Center for two types of student provided services; catering services and food services.

For catering services, the students are involved in taking orders and cooking the food, which is overseen by a teacher. Every Friday the students prepare food (pizza and bacon, egg and cheese sandwiches) based on orders taken. Cash is collected for the food. Orders are also taken for catering events; most are for events within SW

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BOCES, but they do prepare food for outside events. Pre-numbered invoices are prepared for all catering events; they are sent to the Senior Account Clerk who either prepares a budget transfer or an invoice to the third party.

Students take orders and sell snack items for students and staff during scheduled times during the school day. Cash is collected and run through a register by staff only. Each day, after the cash is reconciled to the register amount, it is sent over to the Senior Account Clerk.

**Summary:**

We found overall that there are opportunities for improvement related to the cash receipts function for student provided services. See below for our specific findings and recommendations:

**Procedures:**

Our procedures related to cash receipts, as per the engagement letter dated September 27, 2017, were as follows:

- Review Board policies and SW BOCES procedures related to collection of funds related to student provided services.
- Interview SW BOCES employees responsible for physical collection of funds, recording and monitoring the deposits of funds.
- Review the internal controls and procedures related to receipt processing, note the strengths and weaknesses within the process and identify the key control attributes for testing. For the more significant collection points, select a sample of transactions for testing.

**Findings:**

Review of Board policies, SW BOCES procedures and interviews with SW BOCES employees related to collection of funds and receipts processing for student provided services, noted:

- Pre-numbered invoices are prepared for all catering services; however, they are not used in sequential order to be able to determine if all invoices are received. These pre-numbered invoices are also used for cash remitted for weekly, prepared food. We were informed that there is not a formal price list; however, the teacher works with the students to make sure that the amount charged covers the cost of the food.
- Cash received for weekly prepared food is taken by order by a student, this is recorded on a form. At the end of the day, the student and the teacher count the deposit and reconcile it to the order form. This is then recorded on a pre-numbered invoice by the teacher, which is sent to the SAC along with the cash. We noted that the invoice is only signed by the teacher and that the original order forms are discarded.
- Cash is counted at the end of the day for all snacks purchased during the day. We were informed that although the deposit is counted by two people, it is not a blind count. The register records the deposit amount on the receipt when it is closed out; therefore, the counters are aware of the deposit amount when counting out the drawer.

Review of a sample of cash receipts transactions, noted:

- Sales tax is not collected or remitted for catering services. We did note that sales tax is collected and remitted for adult meal purchases.
- One receipt dated November 2, 2017 for \$862 was incorrectly posted to the Adult & Community Services budget code, but should have been posted to the Occupational Education budget code.



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- Three of the six receipts reviewed for sales of prepared food were not deposited timely.

**Recommendations:**

We recommend that SW BOCES consider implementing the following items to further improve internal controls and operational efficiencies related to cash receipts regarding student provided services:

9. Cash amounts collected should be recorded on a pre-numbered form; the cash should be counted by both the student and the teacher and the form should be signed by both individuals. The backup documentation should be maintained at the Center and not discarded.
10. Invoices should be used in sequential order and the Account Clerk should track the sequence of invoices to ensure that there are no breaks in the sequence to ensure that all deposits are provided for deposit.
11. Procedures should be developed to ensure that funds are deposited timely.
12. Sales tax should be collected and remitted for all funds received related to catering services.

**FINANCIAL SOFTWARE SECURITY**

**Background:**

Termination of access to the WinCap system occurs when the staff member in the Personnel Department enters an employee's end date in the system.

If the employee who previously retired or separated from SW BOCES returns to work, the Business Director creates a new position for this employee. The access is based upon an email from the Supervisor or employee (with a copy to the Supervisor). The practice has been for the Supervisor to send a follow-up email when access should be terminated to turn off access for the individual.

**Summary:**

Overall we found there were good controls over financial software security; however, we noted a few opportunities for improvement based on the results of our engagement. See below for specific findings:

**Procedures:**

Our procedures related to financial software security, as per the engagement letter dated September 27, 2017, were as follows:

- Interview personnel responsible for the determination of access levels to determine the processes and procedures related to allowing access and determining individual capabilities.
- For each area of operations (purchasing, accounts payable, general ledger, budgeting, billing, personnel, payroll, and accounts receivable) review the user list as follows:
  - Review of the list of users for reasonableness, ensure that all are current employees.
  - Review between 2 and 10 users for each system to ensure that the individual's access level is appropriate
  - Review 3 separations during the year to determine if access to the system was removed on a timely basis

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**Findings:**

Interviews with personnel responsible for the determination of access levels to determine the processes and procedures related to allowing access and determining individual capabilities noted:

- When an employee retires or separates from SW BOCES, access to WinCap is terminated on the end date entered by the staff member in the Personnel Department. However, there is no formal procedure when an employee leaves or retires from SW BOCES, but returns to work for a period of time to end their access at the end of the period. We found several instances in which access was not removed at the end of the temporary period. In our detail testing we identified two employees that had retired and continued to have access to WinCap. These employees returned for a period of time after retirement, but their access was not turned off when their assignment ended.

Review of the list of users for each module of WinCap (purchasing, accounts payable, general ledger, budgeting, billing, personnel, payroll, and accounts receivable) and their access level, noted:

- Based on our review of access granted to individuals there were a few changes made to employee access during our review with the Business Director.
- The Accounts Payable staff has access to add new vendors and change existing vendor information. This access was added to allow the Accounts Payable staff to make changes when necessary. This access will be reviewed and either given to an employee independent of the Accounts Payable process or procedures will be developed for the Business Director to review an audit trail report.
- Review of 3 separations during the year to determine if access to the system was removed on a timely basis, noted:
  - One retiree continued to have access to WinCap, as the retiree returned to SW BOCES after retirement to work on a part time basis for a period of time. There was an email sent to John Miller to extend the retiree's access until end of year (12/31/16); however, access was not terminated. We noted that the employee's last login to WinCap was January 25, 2017.

**Recommendations:**

We recommend that SW BOCES consider implementing the following items to further improve internal controls and operational efficiencies related to the financial software security:

13. Develop formal procedures for when an employee leaves or retires from SW BOCES, but returns to work for a period of time to ensure that their access is terminated when they ultimately leave SW BOCES.
14. The Accounts Payable staff access in WinCap, to enter new vendors and change vendor information, should be reviewed and either given to an employee independent of the Accounts Payable process or procedures be developed for the Business Director to review an audit trail report.
15. Develop procedures for the Business Director to formally document the review of employee access to WinCap on a regular basis.