



SOUTHERN WESTCHESTER BOCES

BOARD OF COOPERATIVE EDUCATIONAL SERVICES

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STEPHEN J. TIBBETTS
Assistant Superintendent
Business and Administrative Services

To: Board of Education

From: Stephen J. Tibbetts

Date: January 11, 2018

Re: Audit Corrective Action Plans

Enclosed are two corrective action plan documents related to audit work performed by the BOCES Internal Audit firm of Cullen & Danowski, LLP. These reports were presented to the SWBOCES Audit Committee for their review and comments. These comments have been incorporated to the BOCES responses.

In an effort to save paper, I have not included the audit reports that were issued by the auditors. These reports were presented to the Board and accepted as follows:

<u>Audit Report Title</u>	<u>Report Board Acceptance Date</u>
Risk Assessment Update Report dated September 26, 2017	October 18, 2017
Independent Accountant's Report On Applying Agreed-Upon Procedures dated August 2, 2017	October 18, 2017

If you have any questions, please feel free to email me or call me at 914-937-3820.

COMPONENT DISTRICTS: Ardsley, Blind Brook, Bronxville, Byram Hills, Dobbs Ferry, Eastchester, Edgemont, Elmsford, Greenburgh Central Seven, Greenburgh Eleven, Greenburgh Graham, Greenburgh North Castle, Harrison, Hastings-on-Hudson, Hawthorne Cedar Knolls, Irvington, Mount Pleasant Blythedale, Mount Pleasant Central, Mount Pleasant Cottage, Mount Vernon, New Rochelle, Pelham, Pleasantville, Pocantico Hills, Port Chester, Rye City, Rye Neck, Scarsdale, The Tarrytowns, Tuckahoe, Valhalla, White Plains

**RESOLUTION TO ACCEPT THE CORRECTIVE
ACTION PLAN FOR INTERNAL AUDIT REPORT**

BE IT RESOLVED, that the Southern Westchester Board of Cooperative Educational Services, Sole Supervisory District of Westchester County, at its January 17, 2018 Board Meeting, accepted the Corrective Action Plan for the Internal Audit Report dated September 26, 2017 from our Internal Auditor, Cullen and Danowski, LLP, with regard to the update of the BOCES Risk Assessment.




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STEPHEN J. TIBBETTS
Assistant Superintendent
Business and Administrative Services

To: Board of Education

From: Stephen J. Tibbetts 

Subject: Internal Audit Response – Risk Assessment Update Report

Date: December 12, 2017

Re: Risk Assessment Update Report from Cullen & Danowski, LLP dated September 26, 2017

The following are SWBOCES responses to the recommendations contained in the above referenced letter:

Status of Prior Observations and Recommendations (Open Items)

Longevity Payments

Recommendation

The Internal Auditor recommends that HR should review all employees to ensure that each employee who should be receiving longevity payments is correctly paid. Also procedures should be developed to ensure that an appointment is added for each new hire to allow WinCap to systematically calculate each employee's longevity. Additionally, the procedures should identify steps to take during the annual rollover process to review longevity for each employee.

SWBOCES Response

Southern Westchester BOCES is in agreement with this recommendation and will develop the recommending procedures. The HR and Business Departments have begun to meet to review system data on a bargaining unit basis. The expected completion of this project is June 30, 2018.

Communication of Terminations

Recommendation

The Internal Auditor recommends that HR should develop procedures to ensure that when an employee leaves it is communicated immediately to the Payroll Department to avoid paying employees for time not worked.

SWBOCES Response

Southern Westchester BOCES is in agreement with this recommendation and will develop the recommended procedures. The target date to have this completed is January 31, 2018.

Termination of Health Insurance Benefits

Recommendation

The Internal Auditor recommends health insurance should be terminated at the end of the month that the employee terminates employment. Every effort should be made to collect the employee health insurance contribution prior to the employee leaving.

SWBOCES Response

SWBOCES is in agreement with this recommendation and will look to make proposals to change contractual obligations in expiring contracts and also will look to change the past practice in future Terms and Conditions of Employment documents for non-represented BOCES staff.

Removal of Social Security Number from Invoice

Recommendation

The Internal Auditor recommends that SWBOCES work with New York State Health Insurance Program to remove the employees' social security numbers as an identifier on the health insurance enrollee listing to strengthen controls over sensitive personal data.

SW BOCES Response

SWBOCES has brought this issue to NYSHIP and explained the sensitive nature of this information being contained on the invoice. SWBOCES does not have the authority to mandate this change, but reminders will be done if the change is not made.

Contract Language Change

Recommendation

The Internal Auditor recommends that during the next contract negotiations, add language to bargaining unit contracts to require retirees who opt to be covered by Empire Healthchoice health insurance in retirement to pay the difference in cost to SW BOCES.

SW BOCES Response

SWBOCES is in agreement with this recommendation and this will become part of the contract change proposals submitted by SWBOCES in future negotiations of all bargaining unit contracts.

Review of Annual Rate Increases

Recommendation

The Internal Auditor recommends that annual rate increases for officials be entered by one person and then checked by a second person to ensure accuracy of amounts entered

into Sports Pak. Additionally, SW BOCES should work with Sports Pak to determine if amounts for fees for items such as game and half fees and late fees, etc., can be entered into Sports Pak and, therefore, be selected from a drop down menu, rather than having to enter amount each time to avoid errors.

SW BOCES Response

SWBOCES is in agreement with this recommendation and SWBOCES will work with the software vendor to explore whether this is possible. It is expected that the vendor inquiry and a feasibility analysis will be completed by June 30, 2018.

Contract Language Update

Recommendation

The Internal Auditor recommends that during the next contract SW BOCES should consider adding the items for which officials are paid for that are not currently in the contract negotiations.

SW BOCES Response

SWBOCES will bring this matter to the attention of the Section 1 Negotiations team for consideration in contract negotiations.

Status of Prior Observations and Recommendations (Closed Items)

Human Resources

Recommendation

The Internal Auditor recommended that SWBOCES review existing procedures to be certain that controls and procedures are being followed and that SWBOCES use this opportunity to formally document processes and procedures. This will help ensure that appropriate procedures and internal controls are in place.

SWBOCES Response

This recommendation has been implemented and the issue is considered closed by the Internal Auditor.

Written Procedures

Recommendation

The Internal Auditor recommended that SWBOCES develop written procedures for the roles and responsibilities related to capital assets, including individuals responsible for tagging equipment and recording new purchases in each center's inventory listing including the tag number and serial number of all assets, when items should be tagged, the process for notifying the individual responsible of the location of the assets, including any moves, disposals, sales of equipment, and donated equipment, etc. The procedures should also address procedures for updating the information from each center into RAMI, including the review process of the information, how often the information should be updated, and ensuring that all information is received, etc.

SWBOCES Response

This recommendation has been implemented and the issue is considered closed by the Internal Auditor.

Payroll Policy

Recommendation

The Internal Auditor recommended that SW BOCES develop a policy related to the processing of payroll, which would specify the items that require Board approval prior to payment, and the individual responsible for certifying payroll, etc.

SWBOCES Response

This recommendation has been implemented and the issue is considered closed by the Internal Auditor.

Reconciliation from Payroll Register to Invoice

Recommendation

The Internal Auditor recommended that SWBOCES perform a reconciliation of the payroll deduction register to the provider invoice on a regular basis.

SWBOCES Response

This recommendation has been implemented and the issue is considered closed by the Internal Auditor.

Communication of Bargaining Unit Contract Changes

Recommendation

The Internal Auditor recommended the development of procedures for the Personnel Department to notify the Benefits Department when a contract change, which affects employee benefit contribution amounts has occurred.

SWBOCES Response

This recommendation has been implemented and the issue is considered closed by the Internal Auditor.

Procedures to Track Teacher Assistant Salaries

Recommendation

The Internal Auditor recommended the development of procedures for the appropriate department to monitor when a teacher assistant's salary increases over \$35,000 in order to ensure that the employee contribution amount for health insurance is correct. During contract negotiations, SW BOCES should ensure that the \$400 contribution amount be changed so that all bargaining unit members are contributing the same percentage.

SWBOCES Response

This recommendation has been implemented and the issue is considered closed by the Internal Auditor.

Automated Invoice Approval Process

Recommendation

The Internal Auditor recommended implementation of procedures to automate the invoice processing for official payments. We recommended that SW BOCES work with Sports Pak to systematically create a unique invoice number for each pay sheet. This will decrease the instances of duplicate payments as WinCap will recognize if a duplicate invoice is presented for payment. Additionally, we recommended SW BOCES look into automating the submission of the pay sheets by the officials directly to Accounts Payable.

SWBOCES Response

This recommendation has been implemented and the issue is considered closed by the Internal Auditor.

End of Year Reconciliation

Recommendation

The Internal Auditor recommended each year the reconciliation of revenue from the districts for official payments to the expenses to ensure that they break even.

SWBOCES Response

This recommendation has been implemented and the issue is considered closed by the Internal Auditor.

User Permissions

Recommendation

The Internal Auditor recommended the user permissions for the Accountant should be changed from update access to view only access for cash receipts to ensure segregation of duties.

SWBOCES Response

This recommendation has been implemented and the issue is considered closed by the Internal Auditor.

**RESOLUTION TO ACCEPT THE CORRECTIVE
ACTION PLAN FOR INTERNAL AUDIT REPORT**

BE IT RESOLVED, that the Southern Westchester Board of Cooperative Educational Services, Sole Supervisory District of Westchester County at its January 17, 2018 Board Meeting, accepted the Corrective Action Plan for the Internal Audit Report dated August 2, 2017 from our Internal Auditor, Cullen and Danowski, LLP, with regard to their review of agreed upon procedures for the period July 1, 2015 through December 31, 2016.



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STEPHEN J. TIBBETTS
Assistant Superintendent
Business and Administrative Services

To: Board of Education

From: Stephen J. Tibbetts 

Subject: Independent Accountant's Report on Applying Agreed Upon Procedures

Date: December 12, 2017

Re: Report from Cullen & Danowski, LLP dated August 2, 2017

The Internal Auditor recommended SWBOCES consider the following recommendations to strengthen the internal controls over the Operations and Maintenance Department activities:

Recommendation 1

The contract language related to call-ins and building checks should be clearly defined and the rate of pay assigned to these duties be clearly established in the next contract. Also, if there is a difference in the rate of pay paid to employees on a Sunday and a holiday, this should clearly be defined in the contract language.

SW BOCES Response

SWBOCES is in agreement with this recommendation and this will become part of the contract change proposals submitted by SWBOCES in future negotiations of all applicable bargaining unit contracts.

Recommendation 2

Make any necessary system changes to restrict the hourly rate for CSEA employees to exclude any longevity amount in the calculation of overtime hourly rates. Additionally, the District should review all overtime payments made to employees belonging to the CSEA bargaining unit during the 2016-2017 year to determine if they were paid correctly.

SW BOCES Response

SWBOCES believes that longevity should factor into the calculation of overtime hourly rates. The basis behind this is that an hour of overtime should be calculated at the same hourly rate used for base salary calculations related to longevity. For example, if an employee has a regularly scheduled 35 hour workweek, that person is compensated for 1,820 hours of work annually. If the person's salary is \$50,000 with a \$2,000 longevity

payment, that equates to \$28.57 (\$52,000/1,820) per hour without overtime. If the person worked 1 hour of overtime during a week (it would not be at time and a half until at least 40 hours of work in a week) and that 1 hour was calculated on base pay only, the rate would be \$27.47. Therefore, SWBOCES will continue to compensate overtime with longevity included and will include this information in future contracts.

Recommendation 3

Considering strengthening the controls over purchasing items on a SWBOCES credit card by establishing procedures that one person picks up the materials at the vendor and pays through use of the credit card, and when the goods are delivered to SWBOCES a second person should sign off to indicate receipt of the items. The procedures should also include a requirement for the individual making the purchase to record a reason for purchase or project for which the item will be used.

SW BOCES Response

SWBOCES is in agreement with this proposal and has implemented the recommended procedure change in regards to credit card purchases for the Operations and Maintenance Department.

Recommendation 4

Ensure that all invoices for projects with time and material bids have third party invoices attached to substantiate any mark-up percentage detailed in the bid. This documentation should be attached to the invoice for review by the Claims Auditor. SWBOCES should also consider updating bid language for items not originally included in the specific bids.

SW BOCES Response

SWBOCES is in agreement with this proposal and has implemented the recommended procedure change in regards to time and materials bids and purchasing for the Operations and Maintenance Department.

Recommendation 5

Develop procedures to attach the delivery ticket detailing the number of gallons of fuel delivered and state contract pricing for the type of fuel on the date purchased to the invoice for the Claims Auditor to review.

SW BOCES Response

SWBOCES is in agreement with this proposal and has implemented the recommended procedure change in regards to fuel purchases for the Operations and Maintenance Department.

Recommendation 6

Develop procedures for the O&M Department to attach or otherwise make available all the necessary documentation (i.e., prevailing wage documents, state contract pricing) to invoices for review by the Claims Auditor.

SW BOCES Response

SWBOCES is in agreement with this proposal and has implemented the recommended procedure change in regards to maintaining all related documentation in the Operations and Maintenance Department for the SWBOCES Claims Auditor to review as deemed necessary by the SWBOCES Claims Auditor.