

**Board of Education
Horseheads Central School District
One Raider Lane
Horseheads, NY 14845**



**Student Services and Data
Internal Audit Report
Fiscal Year 2015-2016**

April 2016

Executive Summary

Internal Audit performed an audit including detailed testing of the internal controls over Student Services and Data. The results of the audit in summary are as follows:

- The Nutri Kids "Balance Notes Report" should be reviewed and reconciled to the school lunch accounts payable check register on at least a monthly basis.
- Small dollar amounts for food services purchases should not be transferred between siblings by cashiers or managers for proper internal controls.
- The District Wide and Building Level Safety Plans are required to be reviewed and updated annually.
- The BOE should appoint an attendance officer for the District each year.
- A DMV driving abstract report was not reviewed within 30 days of hiring a new bus driver.
- The District has a 96.6% school bus inspection pass rate.
- A detailed cost study should be conducted for the Elmira Heights transportation contracts.

The items noted above indicate opportunities for improvement identified by Internal Audit throughout the detailed testing of Student Services and Data.

Audit Scope, Objective, and Methodology

Scope

The 2015-16 Student Services and Data Audit at the Horseheads Central School District was conducted during April and May 2016.

Internal Audit is a department within Tompkins-Seneca-Tioga BOCES and is supervised by the Board of Education for the Horseheads Central School District under a cooperative services agreement. The findings and conclusions in this report are the responsibility of the Board and the Internal Audit Department.

Objective

To determine whether:

- Bus drivers have completed 19-A and SED requirements
- Free and reduced meal applications are accurately calculated and the assigned meal status is proper
- District Wide and Building Level Safety Plans are updated annually
- Attendance records include required information
- Student performance data is accurate, reliable, and secured

Methodology

Internal Audit complies with applicable regulations promulgated by the State Commissioner of Education and the District's policies and procedures. The Audit Committee/Board requested that Internal Audit perform an audit of Student Services and Data.

Samples were selected for internal control testing, along with discussions with District staff, and walk-throughs of key processes. Testing during this audit was focused on key controls within the Student Services and Data area which could or are likely to have a significant impact on the District as a whole.

Exceptions and Recommendations

As part of performing an Internal Audit, changes for strengthening controls and reducing identified risks are generally recommended, along with time frames for implementation.

1. School Lunch Refunds - Internal Audit noted two student lunch accounts showing \$102 and \$156 had been deducted from their accounts in September 2015. An explanation for the deductions was entered into the Nutri Kids System. However, the system only saved a certain number of characters of the explanation, and then cut the rest off. Internal Audit was unable to locate the funds, a refund to the parent, or a reason why the deductions were made.

Internal Audit recommends the Nutri Kids "Balance Notes Report" be reviewed and reconciled to the school lunch accounts payable check register on at least a monthly basis. Refunds not appearing on the check register should be investigated and resolved timely. The staff member completing the reconciliation should not have access to change amounts in the Nutri Kids System.

2. School Lunch Transfers – Internal Audit noted small dollar amounts are being transferred between siblings by cashiers, or by managers logged into the Nutri Kids System as cashiers. The transfers are being done because one sibling is short a small amount of money, such as .75 cents.

Small dollar amounts should not be transferred between siblings by cashiers or managers for proper internal controls. Repeated small dollar transfers can lead to errors and causes additional work for the food service staff as students go through the lunch line. It is the parent's responsibility to ensure each child has money on their account. On occasion, if the parent contacts the school and request a larger transfer between siblings, such as \$20, the transfer should be completed by a manager logged into the system as a manager. Internal Audit also recommends the food service director review the Nutri Kids "Balance Notes Report" on at least a monthly basis to ensure small dollar transfers are not occurring.

3. District Wide and Building Level Safety Plans – The District Wide and Building Level Safety Plans are required to be reviewed and updated annually. Internal Audit noted the plans were last reviewed and updated in July 2014. Internal Audit recommends the plans are reviewed and updated each year.

4. Attendance Officer – Internal Audit noted an attendance officer was not appointed for the District. Internal Audit recommends the BOE appoint an attendance officer for the District each year pursuant to Education Law §3213(1). The appointment should be included in the reorganizational minutes each year.

5. Transportation – Internal Audit noted a DMV driving abstract report was not reviewed within 30 days of hiring a new bus driver in 1 of 15 bus driver files reviewed. The error was discovered about 5 months after the driver was hired, and an abstract was reviewed at that time. Internal Audit recommends the "New Hire Checklist" be reviewed and ensure all steps are completed before a driver is hired. Internal Audit also noted the District has a 96.6% school bus inspection pass rate.

6. Elmira Heights CSD Transportation Contract – Elmira Heights CSD contracts with the District for bus garage space, bus maintenance services, and 4 bus drivers for Elmira Heights bus runs. The contracts are updated each year. Internal Audit noted the original contracts were negotiated before the current superintendent, business official, and transportation director were working for the District. Internal Audit recommends a detailed cost study be conducted for the 2016-17 school year to ensure all cost are captured and accurately reflected in the contracts.

Recommended Implementation Timeframe: September 1, 2016

Conclusion

Based on the results of audit testing, Internal Audit believes controls and the related policies and procedures over Student Services and Data are present, but could be enhanced. The aforementioned audit exceptions indicate opportunities for improvement in the internal control system. Implementation of corrective actions should strengthen the process and reduce the risks associated with the opportunities for improvement discovered.