

**MAINE - ENDWELL
CENTRAL SCHOOL DISTRICT
INTERNAL AUDITOR'S REPORT
JUNE 30, 2021**

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A Professional Corporation

INTERNAL AUDITOR'S REPORT

To The Audit Committee and
Board of Education
Maine - Endwell Central School District
712 Farm to Market Road
Endwell, NY 13760

I have performed the procedures described below, which were agreed to by the Maine - Endwell Central School District, solely to assist you in evaluating the performance of the District for the fiscal year ended June 30, 2021, in the areas addressed. The District's management is responsible for its financial records, internal controls and compliance with State laws and regulations. This engagement was conducted in accordance with the consulting standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified parties in this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The following is a recap of my assessment of risk in specific areas:

Financial Accounting and Reporting	Low
Cash Receipts and Revenue	Low
Purchasing	Low
Personnel	Low
Maintenance of Effort for Federal Funds	Low

The procedures and the associated findings are as follows:

1. Follow Up on Prior Year Findings

We reviewed the external auditor's management letter and the corrective actions taken. We also reviewed the corrective actions taken with respect to the findings from the prior year's internal audit.

All items have been properly addressed and the necessary procedures have been or will be instituted to further strengthen internal controls.

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The prior year internal audit findings have been addressed as follows:

1. New hires will now have to sign off that they have received and read the Code of Ethics.
2. The District will publish the ST-3 in the local newspaper.
3. The district will publish a notice of the completed audit reports in the local newspaper.

2. 3. Financial Accounting and Reporting

Review periodic and annual financial reports and determine key business functions are integrated with the accounting system.

Review supporting documentation for accounting transactions and journal entries and records are updated on a monthly basis.

Inquire that reports and account balances are reviewed on a monthly basis and exceptions are noted and adjusted as necessary.

Inquire that there is adequate separation of duties for receipts, deposits, disbursements, and bank account reconciliations.

Inquire that the district has appointed an internal claims auditor and their attestation is on each voucher packet.

Review encumbrances are entered into the accounting system prior to purchase orders and the accounting system prevents the issuance of a purchase order if there is an insufficient appropriation balance.

Review that selected cash flow projections are prepared frequently for borrowing needs.

No exceptions were found as a result of these procedures.

3. Cash Receipts and Revenue

Inspected selected recorded receipts to determine if these receipts were properly described and classified in the accounting records and that internal controls over the selected receipt transactions were adequate to detect errors and/or irregularities.

Inspected selected recorded receipts to determine if these receipts were recorded in the proper fiscal year and traced them to the deposits on the bank statement.

Inspected selected documents for gate receipts from sporting events to determine if these receipts were properly described and classified in the accounting records and that internal controls over the selected receipt transactions were adequate to detect errors and/or irregularities.

No exceptions were found as a result of these procedures.

4. Purchasing

Review the appointment of a purchasing agent to be responsible for developing and administering the purchasing function and committing the district to purchases by approving purchase orders.

4. Purchasing - continued

Determine if the purchasing agent utilizes a purchasing calendar to facilitate the purchasing function through cyclical bidding/purchasing.

Review the district's purchasing policy to ensure it addresses bidding requirements and procedures to follow when competitive bidding is not required.

Determine that the district purchases goods and services through the State's Office of General Services, county governments, correctional institutions, or from State contracts/organizations that serve the disabled, where possible, and when deemed appropriate, to achieve savings and avoid the cost of bidding.

Determine that the district cooperatively bids through a BOCES or with other districts to obtain a better price.

Test procedures are established for the initiation, approval, and use of purchase requisitions and all purchase orders are pre-numbered, all numbers are accounted for, and all forms are strictly controlled.

Test procedures/controls are in place to ensure funds are available before issuing a purchase order and all blanket purchase orders have a fixed monetary limit.

Test that the purchasing agent reviews and approves all requisitions/purchase orders for appropriateness and necessity of the items ordered.

No exceptions were found as a result of these procedures.

5. Personnel

Selected records were inspected to determine if various areas such as hiring procedures, references and credentials, authorization of salary changes, evaluations and tracking of employee leave accruals were properly performed and documented.

Employee handbooks and the job description handbook were reviewed to determine that they were current and job duties and qualifications were required for all positions.

Terminated employees were selected to determine that they were properly and timely removed from payroll and health insurance coverage.

Our findings as a result of these procedures are presented under "Personnel" in the Auditor's Comments.

6. Maintenance of Effort (MOE)

Reviewed Maintenance of Effort Calculator and Questar worksheet.

Reviewed General fund account expenditures and MOE reduction adjustments/exceptions, if applicable.

Reviewed IDEA Special Aid fund account expenditures.

Reviewed for compliant, accurate and properly categorized reporting.

No exceptions were found as a result of these procedures.

I was not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the specified areas, accounts, or items. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the Audit Committee and of the Board of Education of the District and is not intended to be and should not be used by anyone other than these specified parties.

Ernest Skiadas, CPA, P.C.

Ernest Skiadas, CPA, P.C.
Internal Auditor

October 7, 2021

AUDITOR'S COMMENTS AND OBSERVATIONS

A. Personnel

1. Finding: While reviewing the employee handbook reference is made to an annual evaluation according to the bargaining unit contracts, however the contracts for Support Staff and Maintenance make no mention of requiring an annual evaluation.

Recommendation: We recommend the district review the contracts to ensure there is no violation by having an actual evaluation although not required in the contract.

2. Finding: In testing the job description for administrators we noted it did not contain the minimum qualifications for the job. We did note that the minimum qualifications were listed on the job application and job posting.

Recommendation: We recommend the job description handbook be updated to include the minimum qualifications in this area.

3. Finding: We noted the New Hire packet does not include the Code of Ethics, however it is included as part of the Employee Handbook. Employees are directed to read the Handbook online as a printed version is not provided.

Recommendation: We recommend the Code of Ethics be provided separately and have an acknowledgement form to be signed and returned to the district. A similar procedure is being done with the Code of Conduct.

B. Maintenance of Effort (MOE)

1. Observation: We obtained the Questar MOE worksheet, NYS compliance worksheet and the ST-3 and identified the amounts reported as spent on the MOE expenditures. The expenditures spent at the local level were \$ 5,327,876 and state and local level were \$9,782,277 during the 2019-20 year. The local per capita amount per student was \$13,983 and the state and local per capita amount was \$ 25,675. Each of these amounts exceeded the requirement and thus met the MOE test.

2. Observation: We traced the amounts from the district's financial report (ST-3) to the amounts used in both the Questar MOE worksheet and the NYS compliance worksheet and tested the calculations and found no exceptions.

3. Observation: We verified the child count for Students with Disabilities and found no exceptions.