

**Eastern Suffolk BOCES
Corrective Action Plan**

Internal Audit Report on Detailed Testing

Cullen & Danowski, LLP

Report dated August 23, 2023

Findings and Recommendations	ESBOCES Response/Corrective Actions	Responsible Person(s)	Estimated Completion /Status
<p>Reportable Conditions: None</p> <p>Category: Purchasing and Expenditures</p> <p><u>Findings:</u></p> <p>Review of Board policies, procedures and processes related to the current requisitioning, purchasing and disbursement functions and interviews with Business Office personnel regarding policies and procedures found:</p> <ul style="list-style-type: none"> • There are Board policies, regulations and formal procedures covering the purchasing and disbursement activities. ESBOCES' <i>Board Policy #4310 – Purchasing</i> states that “the purchasing procedures shall be in compliance with all applicable laws and regulations of the State and the Commissioner of Education.” This covers the purchasing thresholds as per GML requiring that purchase contracts for materials, equipment and supplies involving an estimated annual expenditure exceeding \$20,000 and public work contracts involving an expenditure of more than \$35,000 will be awarded only after responsible bids have been received in response to a public advertisement soliciting formal bids. Similar procurements to be made in a fiscal year will be grouped together for the purpose of determining whether a particular item must be bid. • ESBOCES has <i>Board Policy #4316 – Uniform Grant Guidance for Federal Awards</i> regarding the procurement of goods or services using federal grant funds as required per the Uniform Grant Guidance (2 CFR Part 200). • The <i>Board Policy #4311 – Procurement of Goods and Services</i> includes a section when competitive bidding is not required that states “(1) For purchases under \$4,000 – one quotation shall be required; (2) For purchases between \$4,000 and \$7,999 - a minimum of three fax, e-mail, or informal written quotations must be solicited and attached to the purchase 			

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<p>requisition and (3) For purchases from \$8,000 up to the bid limits established under GML - a minimum of three formal written, e-mail or fax quotations shall be solicited for each such purchase and attached to the purchase requisition.</p> <ul style="list-style-type: none"> • ESBOCES schedules periodic training for the requisitioners that is provided by the Purchasing Agent and the Department also assists any new requisitioners with learning the duties of that role. In addition, the Department staff have obtained pertinent accreditations, participates in various groups and attends conferences related to purchasing activities. • There are a number of standard forms (e.g., PO Change, Budget Transfer and Employee Expense Reimbursement) related to the purchasing and disbursements process that are prepared and then submitted to the appropriate Business Services Department. ESBOCES utilizes a process related to new vendor requests that requires the requisitioners to obtain a completed W9 form that is retained in the vendor file. <p>Interviews with the selected employees (requisitioners) with responsibilities for purchase requisitions in the divisions, departments and a selection of school buildings to determine if the procedures followed by the staff are standardized and consistent within ESBOCES noted:</p> <ul style="list-style-type: none"> • There are standard procedures followed by the requisitioners that include: <ul style="list-style-type: none"> – Sending scanned documents to the Purchasing Department related to the requisition process. This includes any quotes, product information, single records and W-9 form for new vendors. – Preparing standard forms and obtaining the required signatures for activities including PO changes to increase or decrease amounts; budget transfers and employee expense reimbursements. – Using the PO Control Sheet to manage the open (or blanket) POs 			

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<p>during the fiscal year and notifying the Accounts Payable Department when the PO needs to be closed out prior to the end of the year.</p> <ul style="list-style-type: none"> - Working with the receiving staff regarding the verification of the receipt of goods. • The receiving process requires a second employee other than the requisitioner to sign-off to verify the receipt of goods, which is a strong control where there is appropriate segregation of duties between the requisitioning and receiving procedures. <p>Review of the requisitioning, purchasing and expenditures related activity for the selected 60 vendor accounts during the period noted:</p> <ul style="list-style-type: none"> • ESBOCES has appropriate procedures to verify that invoice amounts agree with the check amounts. This matching process is performed by the Accounts Payable Clerk and the Claims Auditor prior to releasing the vendor payments. However, there was 1 instance where the rate charged by a vendor did not align with the rate listed in the respective bid sheet. • The use of state contracts and cooperative bids are an efficient method of purchasing goods and services. We found that there are formal procedures to include the state contract/bid pricing documentation with the requisition package. This information facilitates the review by the Accounts Payable Department staff and Claims Auditor to verify that the pricing was correct. • There were 9 instances where the payment was processed more than 90 days after the invoice date. Although ESBOCES was not contractually obligated to pay these invoices by the due date, good business practice is to process payments in a timely manner. Further review of these items noted that there were various reasons for the delayed payments including the district needing to sign off, items delivered late by the vendor and 			

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<p>product had to be exchanged. However, the reasons for such delays were not included within the documentation supporting the payment.</p> <ul style="list-style-type: none"> There were 2 instances where goods or services had been received prior to a PO being in place; also known as a confirming PO. Further review found that there was a plausible explanation for each instance and the reason in one instance was included electronically as a note with the PO in WinCap. <p>Selection of 10 contracts processed within the Contracts Processing Unit to ensure that each contract is signed and approved in accordance with ESBOCES <i>Board Policy #4312 – Approval of Contracts for Procurement of Goods and Services</i> found:</p> <ul style="list-style-type: none"> There was 1 instance where a contract was signed by the Board after the date in which the terms of the contract were to begin. We found that ESBOCES identified this item as part of their contract review process (confirming contract memo was sent to the employee as well as the administrator) as we noted during our testing. <p>Selection of 10 contracts processed outside of the Contracts Processing Unit to ensure that each contract is signed and approved in accordance with ESBOCES <i>Board Policy #4312 – Approval of Contracts for Procurement of Goods and Services</i> noted:</p> <ul style="list-style-type: none"> There were no exceptions or errors as the selected 10 contracts were signed and approved accordingly. <p>Selection of 10 bids during the period under review and testing for compliance with GML and ESBOCES policy found:</p> <ul style="list-style-type: none"> The Department prepares over 100 formal bids for ESBOCES annually that includes formal procedures to ensure compliance with GML bid laws and standard protocols for filing all of the bid documentation on their 			

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<p>shared drive. There are procedures to upload bids directly into WinCap with key information that includes the dates, items, descriptions, prices and vendor numbers. After the upload is completed, the employee who uploads the data, performs a review of a few items against the bid award. However, we found that this process could be enhanced by assigning a second employee to verify the accuracy and completeness of the bid data uploaded into WinCap.</p> <ul style="list-style-type: none">• Review and testing of the selected 10 bids noted that there were no exceptions or errors. We found that ESBOCES had the appropriate bid documentation and complied with the GML bid laws related to these selections.• There was 1 instance where the Affidavit of Publication, a copy of the bid advertisement, or an invoice from the publisher was not included as supporting documentation for a bid. Further discussions with the Purchasing Administrator found that the Purchasing Department was unable to locate the Affidavit of Publication for this bid due to the advertisement including 3 other bids and the bid occurring more than 7 years ago. However, the Purchasing Administrator was able to provide the Notice to Bidders that included the name of the newspaper and the date of the publication. <p>Review of the financial system user accounts and respective permissions related to the purchasing area to ensure that users have the appropriate level of access based on their job responsibilities noted:</p> <ul style="list-style-type: none">• There were 2 instances where a user account did not align with a currently active employee. We noted that ESBOCES has inactivated 1 of these accounts based on our finding and there was a name change with the other account.• There was 1 instance where an employee had two separate user accounts. We noted that ESBOCES has disabled the duplicate account			

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<p>based on our finding.</p> <ul style="list-style-type: none"> There are appropriate procedures in place to manage the WinCap user accounts that includes approvals from the Associate Administrator for Human Resources and the Director of Business Services related to staff changes requiring access to WinCap based on their roles prior to the System Administrator in the Office of Technology Integration setting up or revising user accounts. The Office of Technology Integration performs periodic reviews of the WinCap users accounts during each fiscal year to update any accounts (e.g., inactivate) as necessary. <p><u>Recommendations:</u></p> <p>We recommend that ESBOCES consider implementing the following items to further improve internal controls and operational efficiencies related to requisitioning, purchasing, receiving and disbursements activities:</p> <ol style="list-style-type: none"> Good business practice is to process payments to vendor in a timely manner. We recommend that when there is a variance of more than 60 days between the invoice date and requisitioner approval, there should be a notation explaining the reason for the delay in payment electronically noted in the PO. We also recommend that in the event that a vendor sends an invoice prior to providing the goods or services, we recommend that BOCES communicate with such vendor that they need to send an invoice after the goods or services are provided. Continue with efforts to ensure payments to vendors align with the agreed-upon rates listed in the bid documents. In addition, establish procedures to ensure any changes to rates are properly supported. Enhance procedures regarding the uploaded bids by assigning a second employee, who is independent of uploading the bids, to verify the accuracy 	<p>Documented procedures will be developed to attach documentation to PO's if there is a variance of more than 60 days between the invoice date and requisitioner approval. Training will be provided to staff to ensure that vendors are notified to provide invoices after goods and services are provided.</p> <p>Documented procedures will be developed to ensure that rate changes are properly recorded.</p> <p>An employee will be trained to verify the accuracy of the bid data upload. The</p>	<p>DeIVecchio/ Tromblee</p> <p>Conley/Tromblee</p> <p>Conley/Tromblee</p>	<p>June 2024</p> <p>June 2024</p> <p>June 2024</p>

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<p>and completeness of the bid data uploaded into WinCap.</p> <p>4. Strengthen procedures to ensure user accounts in the WinCap financial system are activated and inactivated timely when an employee is hired or separates from the ESBOCES.</p> <p>Category: Assist ESBOCES</p> <p><u>Findings:</u></p> <p>Assisting ESBOCES with addressing the open recommendations from the prior internal auditor reports that includes contracts and human resources found:</p> <ul style="list-style-type: none"> • There has been progress working collaboratively with ESBOCES to address the open recommendations as noted in the following status related to each open recommendation from the Risk Assessment Update Report dated January 18, 2023: <p>a) <i><u>New Hires – Maintain Employee Records Electronically</u></i> – We recommended that ESBOCES consider using software to maintain employee records electronically to enhance operational efficiency. –</p> <ul style="list-style-type: none"> – Status: The Department is in the process of investigating software options. <p>b) <i><u>Payroll – Notification of Intent to Retire</u></i> – We recommended that ESBOCES consider revising the UPSEU contract and any other collective bargaining agreement with similar language related to notices of retirement, to change the language from “shall” to “must” to enhance operations by providing ESBOCES with sufficient time to hire employees to fill the positions vacated by retirements of these staff</p>	<p>Purchasing narrative will be updated to include the process.</p> <p>A process was implemented to turn-off user accounts where for 6 months there has been no pay check issued to user and the active directory shows no activity.</p>	<p>Miller/Stucchio</p>	<p>Completed</p>

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<p>members.</p> <ul style="list-style-type: none"> - Status: This item is under consideration and to be further determined upon commencement of upcoming negotiations. <p>c) <u>New Hires – Background Summary Checklist</u> – We recommended that ESBOCES determine if the Background Summary Checklist should be included in the employee folder, since this provided details related to the background procedures performed by the clerks in the HR Department, or should be destroyed due to privacy reasons.</p> <ul style="list-style-type: none"> - Status: Implemented. <p>d) <u>Payroll – Number of Vacation Days</u> – We recommended that ESBOCES consider revising the collective bargaining agreements to include 260 days related to vacation days, instead of the current language that is silent with respect to the number of vacation days. The inclusion of 260 days for vacation days would be similar to the 260 days for sick days and would establish consistency and create a standard number of days regarding benefit time pay.</p> <ul style="list-style-type: none"> - Status: Implemented. <p>e) <u>Purchasing Process – Contracts: Processing Unit’s Organizational Structure and Duties</u> – We recommended that ESBOCES assess the operations of the Contract Processing Unit that includes staffing, duties and organizational structure of the unit. We also recommend that this assessment include a determination regarding the contracts that are handled outside of the Contract Processing Unit (i.e., Arts in Education and Professional Development (CoSer 531)).</p>			

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<p align="center">– Status: Implemented.</p> <p><u>Recommendation:</u></p> <p>We recommend that ESBOCES consider implementing the following item to further improve internal controls and operational efficiencies related to the open recommendations:</p> <ol style="list-style-type: none"> 1. Continue with efforts to address the following two open items as noted above: <ol style="list-style-type: none"> a) <u>New Hires – Maintain Employee Records Electronically</u> <ul style="list-style-type: none"> – Status: The Department is in the process of investigating software options. b) <u>Payroll – Notification of Intent to Retire</u> <ul style="list-style-type: none"> – Status: This item is under consideration and to be further determined upon commencement of upcoming negotiations. 	<p>Human Resources is investigating software options to maintain employee records electronically.</p> <p>Human Resources is considering changing language from “shall” to “must” in upcoming negotiations for UPSEU.</p>	<p>N. Rivers</p> <p>N. Rivers</p>	<p>June 2024</p> <p>June 2024</p>