

POUGHKEEPSIE CITY SCHOOL DISTRICT

MANAGEMENT LETTER

JUNE 30, 2021



Sickler, Torchia
 Allen & Churchill, CPA's, PC
Your Partner When It Counts

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September 29, 2021

Poughkeepsie City School District
 Poughkeepsie, New York

In planning and performing our audit of the basic financial statements of the Poughkeepsie City School District (the "District") for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Poughkeepsie City School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the District's internal control in our report dated September 29, 2021. This letter does not affect our report dated September 29, 2021 on the basic financial statements of Poughkeepsie City School District.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sickler, Torchia, Allen & Churchill, CPAs, P.C.

Hudson, New York

MEMORANDUM

CURRENT YEAR MEMORANDUM ITEMS

Extraclassroom Disbursements:

During our current year audit testing of disbursements for the extraclassroom programs, we noted one instance where the payment order was not properly authorized by the Student Treasurer and one instance where the payment order was not authorized by the Advisor. Student activities are for the benefit of the students and are learning tools for them. These responsibilities include that each disbursement be supported by an invoice as proof of the expenditure.

We recommend that all disbursements be reviewed and approved by a Student Treasurer and Advisor as soon as the liability is incurred.

PRIOR YEAR MEMORANDUM ITEMS

Purchase Order Procedure:

During our 2018 control testing procedures applied to expenditures, we noted 9 instances in which purchase orders did not predate the invoice date. Education Law established by the State of New York State indicates that School Districts are required to use a purchase order system. Although the purchase order system is in place, it is not being executed properly. We also found 6 instances in which there was no purchase order established. This was generally the case with expenses related to utilities or items with a monthly occurrence. Additionally, since these expenditures did not have a purchase order, there was no approval from the purchasing agent.

Status as of 6/30/2019 and 2020:

During our 2019 and 2020 audit procedures, we noted similar results to the 2018 audit. There were instances in which purchase orders did not predate the invoice date. There were instances in which there was no purchase order established. There were also instances where the Internal Claims Auditor did not approve the payment of purchase order.

Status as of 06/30/2021:

During our current year audit procedures, we noted 2 instances in which there was no purchase order established. There were 13 instances the purchase order did not predate the invoice. There was 1 instance where the Internal Claims Auditor did not approve the payment of purchase order. We will continue to monitor this area.

Payroll Control and Compliance:

During our 2018 control testing procedures applied to payroll, we noted the substitute teacher pay rates were never documented as being approved by the Board of Education in the meeting minutes. We also noted 2 instances in which there was no W-4 form on file and 2 instances in which the I-9 form on file did not have section 2 completed.

Status as of 6/30/2019 and 2020:

During our 2019 and 2020 audit procedures, we noted similar results. There were instances the substitute

retiree's pay rates were never documented as being approved by the Board of Education in the meeting minutes. We also noted instances in which there was no W-4 form on file and instances in which no I-9 form was located. There was an instance the timepiece form was not located. We noted instances the gross pay was not recalculated to the contracted salary or wage.

Status as of 6/30/2021:

During our current year audit procedures, we noted substitute retiree's pay rates were not documented as being approved by the Board of Education in the meeting minutes. We also noted 2 instances in which no I-9 form was located. We noted one instance the timepiece form was not located. We noted 14 instances the gross pay was not recalculated to the contracted salary or wage. We will continue to monitor this area.

Accounts Payable:

During our 2018 testing of Accounts Payables, we noted that the method being used by the District to record Accounts Payable is not consistent. Some are being recorded based on the open purchase order amount, some are being recorded based on estimates, and some are being recorded based on invoices received subsequent to the end of the fiscal year. This inconsistent manor has the potential to lead to material misstatements in the aggregate.

Status as of 6/30/2019 and 2020:

During our 2019 and 2020 audit procedures, we noted similar results that method used by the District to record Accounts Payable at year end is not consistent. In the General Fund, we noted one instance where accounts payable were overstated, understated, and not recorded. In the Special Aid Fund, there were instances where accounts payable not recorded. In the School Lunch Fund, we noted an instance where accounts payable not recorded.

Status as of 6/30/2021:

During our current year audit procedures, we noted that method used by the District to record Accounts Payable at year end was a recommended method of capturing accounts payable. There were two instances where accounts payable were understated. In the School Lunch Fund, we noted two instance where accounts payable were not recorded. The amounts were considered immaterial, and passed on proposing an adjustment. We will continue to monitor this area.

Employee Payroll Files:

During the prior year audit for 2017 tests of payroll transactions, it was noted that 33 instances from the sample of 40 transactions where the salary authorizations supporting the current payroll could not be located by District personnel.

It was recommended that the District review its employee payroll files to ensure that they are complete and accurate and that support for all deductions and salary are on file.

Status as of 6/30/2018, 2019, and 2020:

During our 2018, 2019 and 2020 audit year testing, we noted that the Human Resource Department does not use salary authorization forms. The District uses a form "Data Sheet" for teachers bi-annually and paraprofessionals annually. The Forms are used to verify with employees any changes, such as credits or degree information changes the department has on file. The form does not include base salary that agrees to the applicable contract. We recommend the District implement the use of a salary authorization form or include base salary information on the "Data Sheet".

Status as of 6/30/2021:

During our current audit year testing we noted the District did not implement recommended use of a salary authorization form or include base salary information on the "Data Sheet". We will continue to monitor this area.

Extraclassroom Receipts:

During a prior year audit for 2015, it was noted that certain extraclassroom receipts were not supported by adequate documentation. The students and advisors should provide a reconciliation of actual and expected receipts from fundraisers.

The following are some suggestions:

- For events, pre-numbered tickets should be used and then reconciled to total sales.
- For the sale of items, an inventory should be kept of the items for sale and reconciled to receipts.
- For the sale of items where the money is collected before the items are delivered, a list of all money collected and from whom, should be submitted with the receipt. That will make it clearer how much money was paid in the event of a refund.
- The advisor and student should each sign the receipt verifying that the correct amount of money was submitted to the Treasurer.

Status as of June 30, 2016, 2017, 2018, 2019 and 2020:

Similar issues were noted during the 2016, 2017, 2018, 2019 and 2020 audit years. We noted instances where there were no student and/or faculty advisor signatures on the deposit form, and instances in which there was no cash receipt form being used. We also noted that there were some deposits without the bank deposit slip from the bank. However, we were able to identify the deposits hitting the bank account by reviewing the bank statements.

Additionally, we noted instances in which items were not being deposited in a timely manner. We deemed "timely manner" to be a week, based on conversations with the Treasurer, who noted someone from the District goes each week to the bank. There was also an isolated incident in which the faculty advisor only gave the net proceeds to the Extraclassroom Treasurer. The advisor collected the money, paid the vendor with the collected money and reported only the difference to the Extraclassroom clerk. Processing transactions in this manner circumvents the control procedures set up for Extraclassroom. It was recommended the District address these issues in the coming year.

Status as of June 30, 2021:

During our current audit year we noted 2 instances where there was no student signature on the deposit form. We noted 2 instances in which items are not being deposited within a timely manner, during closure of in-person learning due to the COVID-19 pandemic. We deemed "timely manner" to be a week, based on conversations with the Treasurer, who noted someone from the District goes each week to the bank. We again recommend the District address these issues in the coming year. We will continue to monitor this area.