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Date: June 23, 2023

To: Audit Committee
Poughkeepsie City School District

From: Nugent & Haeussler, P.C.

Re: Internal Audit Services – State Aid and Grants

In accordance with our proposal letter dated May 3, 2018 and the Annual Risk Based Internal Audit Plan, we have conducted our internal audit services with respect to the State Aid and Grants for the Poughkeepsie City School District.

CONCLUSION

The grading standards are Satisfactory, Acceptable and Unsatisfactory.

Satisfactory – Compliance with the Organization's established policies and procedures. Internal audit results indicate none or insignificant recommendations.

Acceptable – Minimal instances of non-compliance with the Organization's established policies and procedures. Internal audit procedures resulted in recommendations for improvements in internal controls, policies and/or procedures.

Unsatisfactory – Noncompliance with the Organization's established policies and procedures. Internal audit results indicate significant deficiencies relating to internal controls, policies and/or procedures.

We have rated the controls over the State Aid and Grants as **Acceptable**.

Management of the Poughkeepsie City School District is to submit a response to this report to the Audit Committee with copies to interested management and the auditor by July 30, 2023.

OBJECTIVE/SCOPE

The purpose of the internal audit services is to assist the Audit Committee in making a determination with respect to:

- Whether adequate policies, practices, internal controls and procedures exist regarding the State Aid and Grants
- Evaluating the effectiveness of the State Aid and Grant controls in comparison to District's policies and procedures.

The internal audit covered transactions from July 1, 2022 through June 23, 2023. The internal services were conducted from February 12, 2023 through June 23, 2023.

PROCEDURES, FINDINGS & RECOMMENDATIONS

Policies

During our review of the district policies, we found that the fiscal management policies numbered 6100 through 6200 have not been updated within the past 10 years.

We recommend that the audit committee review each policy and update as needed.

Federal Reimbursement

During our review of the Federal grants we found that from the start of the school year through January 2023 no request for reimbursements have been submitted.

We recommend that the District update their Federal Funds Procedure manual to include definitive parameters of when reimbursement should be made.

State Aid

During our review of State Aid with respect to the Summer Handicap program we found that no one at the District is monitoring collections or recording the accruals based on the information submitted by Management Advisory Group of New York.

We recommend the District establish a procedure where once Management Advisory Group of New York STACs the students that the receivables are recorded and payments are monitored to ensure collection.

Other

In addition to the items listed above in the Procedures/Findings area of this report, we performed other procedures with respect to the State Aid and Grants and have no further recommendations.

We reviewed the Final expenditure reports from 2021-2022 fiscal year. All were timely filed.

We reviewed Board minutes to ensure that the Board approved any changes to State Aid and Grants policies.

We interviewed personnel and third-party vendors involved in the State Aid and Grants regarding the cash receipts, cash disbursements, claims, accounting and daily operations.

We interviewed personnel and District software to ensure there is a system to track students with disabilities.

We reviewed the District's accounting software to ensure that all Federal Grants were individually identified.

We were able to trace the District's excess cost aid back to supporting documents maintained by the District.

We reviewed support for Medicaid reimbursements and found it is being submitted timely.

We interviewed personnel responsible for the federal grants to ensure familiarity with the grants compliance requirements.

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

Respectfully Submitted,

A handwritten signature in blue ink that reads "Nugent & Haeussler, P.C.".

NUGENT & HAEUSSLER, P.C.