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Date: August 26, 2021

To: Board of Education
Poughkeepsie City School District
c/o Robert McDow, Interim Finance and Business Officer
18 South Perry Street
Poughkeepsie, NY 12601

From: Nugent & Haeussler, P.C.

RE: Internal Audit Services - Fixed Assets

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 fixed assets for the Poughkeepsie City School District.

CONCLUSION

The grading standards are Satisfactory, Acceptable and Unsatisfactory.

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

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

Unsatisfactory – Non-compliance with the District’s established policies and procedures. Internal audit results indicate significant deficiencies relating to internal controls, policies and/or procedures.

The controls over the fixed assets are rated unsatisfactory.

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, procedures, internal controls and procedures exist regarding fixed assets.

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- Evaluating the effectiveness of fixed asset controls in comparison to District policies and procedures, and New York State guidelines.

The internal audit covered transactions from July 1, 2020 to May 28, 2021. The internal services were performed July 22nd and July 23rd.

PROCEDURES, FINDINGS & RECOMMENDATIONS

District Policies

During the internal audit of fixed assets, we found that the District's policies regarding inventory of fixed assets and buildings and ground inspection and maintenance have not been updated for many years.

Comments & Recommendations

We recommend that the District's policies regarding inventory of fixed assets and buildings and ground inspection and maintenance are reviewed and updated regularly.

During the internal audit of fixed assets, we found that the capitalization thresholds in the most recent audited financial statements did not agree with the District's policies.

Comments & Recommendations

We recommend that the District review the disclosures in the audited financial statements to District policies when applicable.

Fixed Assets

Upon observing physically, a sample of fixed assets, we noticed that there were many fixed assets in an open and unlocked area.

Comments & Recommendations

We recommend that all fixed assets are always kept locked-up, when not in use, in order to prevent theft and preventable damage.

We reviewed a sample of fixed assets from the accounting detail report provided by the District and found that several items on the report were kept in a different location than what was stated on the CBIZ accounting detail report provided by the District.

Comments & Recommendations

We recommend that a sign-out sheet be utilized for every instance that a fixed asset is relocated to a different room or building.

Upon our review of fixed assets, it was found that many of the asset tags that should be located on every asset were either incorrect or differed from what was listed on the CBIZ fixed asset accounting detail report.

Comments & Recommendations

We recommend that at minimal, on an annual basis, an inspection is performed to ensure that an asset tag is located on every fixed asset and matches up to the fixed asset accounting detail report created by CBIZ.

We reviewed a sample of fixed assets from the accounting detail report provided by the District and found that several items on the report could not be located.

Comments & Recommendations

In addition to the recommendations stated above, we also recommend that at minimal, on an annual basis, CBIZ should be notified of any assets that have become obsolete or disposed of so that they can be removed from the accounting detail report.

Expense Code Transactions

Upon our review of expenses, it was note that several expenses should have been classified as fixed assets and were not included in the CBIZ current year additions detail report.

Comments & Recommendations

We recommend that at minimal, on an annual basis, CBIZ should be notified of any assets that been acquired or purchased by the District so that they can be added to the CBIZ current year additions detail report.

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,



NUGENT & HAEUSSLER, P.C.