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June 30, 2018

Board of Education
Hicksville Union Free School District
200 Division Avenue
Hicksville, NY 11801

Re: Internal Audit Report

Board of Education:

We have performed internal audit services for Hicksville Union Free School District applicable to various key controls within the Business Office. The services we performed include testing, reviewing and evaluating internal controls pertaining to selected transactions and accounting functions within the Business Office of the District. Enclosed within this correspondence are individual internal audit reports for work performed to date in the following audit areas:

- Cash Disbursement**
- Bank Reconciliations**
- Cash Receipts**
- Budget Transfers**
- Journal Entries**

If you have any questions or you would like to discuss this matter further, please contact our offices.

Very yours,

Nawrocki Smith LLP

INTERNAL AUDITOR'S REPORT

Hicksville Union Free School District

Cash Disbursements *October 2017*

Inherent Risk Rating: High
Control Risk Rating: Low
Audit Opinion: Satisfactory

Purpose/Objectives:

Cash disbursements consist of any cash outflow on behalf of the District, including all checks issued by the District in order to pay vendors or reimburse employees. Cash disbursements are processed in accordance with Board of Education Policy and General Municipal Law once there has been receipt of goods or services by the District. The Purchasing Policy outlines General Municipal Law threshold requirements as well as procedures for purchases below General Municipal Law threshold requirements. Documented oversight, that is both consistent and reliable, and proper segregation of duties regarding the cash disbursement process can assist the district in properly following its Purchasing Policy and General Municipal Law. Testing procedures were conducted to assess the processing and maintenance of the cash disbursements.

The objectives of the testing were to:

- Determine whether procurement is subject to bidding, request for proposal (RFP), or quotes
- Review evidence of quotes or a contract, as the result of a bid or RFP
- Determine compliance with the District's Purchasing Policy and General Municipal Law
- Ensure accuracy and approval of purchase
- Ensure sufficient supporting documentation
- Ensure the proper budget codes were encumbered
- Ensure proper approval by Claims Auditor
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process; if applicable

Scope:

We selected twenty-five (25) cash disbursements, from all funds, for the months of July 2017 through September 2018 in order to test that the District's processing of cash disbursements complies with the objectives noted above.

Observation

We noted that all fifteen (15) cash disbursements selected for testing were in compliance with the objectives noted above.

➤ *No recommendation at this time.*

Audit Comment:

The District's controls surrounding the cash disbursement function are operating effectively.

INTERNAL AUDITOR'S REPORT

Hicksville Union Free School District

Bank Reconciliations and Treasurer's Reports *February 2018*

Inherent Risk Rating: High
Control Risk Rating: Low
Audit Opinion: Satisfactory

Purpose/Objectives:

Bank reconciliations and Treasurer's Reports show the relationship between the recorded cash inflow and outflow and the actual cash inflow and outflow. For that reason, it is imperative to monitor this relationship to identify and rectify outstanding and unusual items in a timely manner. Documented, knowledgeable oversight of the bank reconciliations and Treasurer's Report can increase the District's control over its resources. Testing procedures were conducted to assess the processing and maintenance of the bank reconciliations and the Treasurer's Reports.

The objectives of the testing were to:

- Determine compliance with District policies and procedures
- Review for mathematical accuracy
- Determine if bank balances agree to bank statements
- Determine if book balances agree to general ledger balances
- Review for old outstanding items and any unusual reconciling items
- Determine if information from the bank reconciliations agree to the Treasurer's Reports
- Evaluate the sufficiency of supporting documentation
- Determine if beginning book balances agree to the prior month's ending book balance
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process; if applicable

Scope:

We analyzed one hundred percent (100%) of bank reconciliations, totaling eleven (11) bank accounts and monthly Treasurer's Reports, for the months of July and November 2017 against the objectives noted above.

Observation

We noted that all eleven (11) bank accounts and Treasurer's Reports tested for the months of July and November 2017 were in compliance with the objectives noted above. In addition, bank reconciliations and Treasurer's Reports are being reported to the Board of Education in a timely manner.

➤ *No recommendation at this time.*

Audit Comment:

The District's controls surrounding the bank reconciliation and Treasurer's Report functions are operating effectively.

INTERNAL AUDITOR'S REPORT

Hicksville Public Schools

Cash Receipts

February 2018

Inherent Risk Rating: High

Control Risk Rating: Low

Audit Opinion: Satisfactory

Purpose/Objectives:

Cash receipts consist of cash and checks received by the District as a source of revenue to offset certain expenses. Cash receipts include, but are not limited to, cash and checks received for field trips, health insurance, out of district tuition, use of facilities, and donations. Documented, knowledgeable oversight and proper segregation of duties of the cash receipts process can increase the District's control over its resources. Testing procedures were conducted to assess the processing and maintenance of the cash receipts.

The objectives of the testing were to:

- Determine compliance with District policies and procedures
- Verify that the cash receipt report agrees to deposit slips
- Verify that the cash receipt report agrees to bank statements
- Verify that the cash receipt report agrees to the cash log book
- Verify that cash log book entries agree to the cash receipt report
- Verify that cash receipts are deposited in a timely manner
- Verify that the cash receipt report is periodically reconciled to the cash log book
- Verify the proper classification of cash receipts
- Determine the sufficiency of supporting documentation
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process; if applicable

Scope:

We selected twenty five (25) cash receipts for the months of July 2017 through January 2018 in order to test that the District's handling of cash receipts is in compliance with the objectives outlined above.

Observation

We determined that all cash receipts selected for testing were in compliance with our objectives noted above.

- *No recommendation at this time.*

Audit Comment:

The District's controls surrounding the cash receipt function are operating effectively.

INTERNAL AUDITOR'S REPORT

Hicksville Union Free School District

Budget Transfers *May 2018*

Inherent Risk Rating: High

Control Risk Rating: Low

Audit Opinion: Satisfactory

Purpose/Objectives:

The objective of budget transfer testing is to ensure that transfers are being properly approved and completed in accordance with District policy. It must also be ensured that budget transfers are in conformance with the restrictions of Section 170.2(1) Commissioners Regulations and Chapter 436 of the Laws of 1997, regarding transfers to and from non-contingent expense codes. Documented oversight of budget transfers, that is both consistent and reliable, can increase the District's control over this process and reduce the likelihood of error or misappropriation. Testing procedures were conducted to assess the processing and maintenance of budget transfers.

The objectives of the testing were to:

- Ensure compliance with District policies and procedures
- Ensure that proper supporting documentation was attached to each transfer
- Ensure proper approval in accordance with transfer amount
- To trace and agree supporting documentation to Budget Transfer Report
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process; if applicable

Scope:

We analyzed fifteen (15) budget transfers for the months of July 2017 through April 2018 to ensure that the District is in compliance with Section 170.2(1) of the Commissioners Regulations and Chapter 436 of the Laws of 1997 and the objectives noted above.

Observation

We noted that all budget transfers tested were in accordance with the testing objectives noted above.

- *No recommendation at this time.*

Audit Comment:

The District's controls surrounding the budget transfer function are operating effectively.

INTERNAL AUDITOR'S REPORT

Hicksville Public Schools

Journal Entries

May 2018

Inherent Risk Rating: High
Control Risk Rating: Low
Audit Opinion: Satisfactory

Purpose/Objectives:

Journal entries include a wide range of infrequent or perhaps unexpected transactions. Documented oversight of the general journal, that is both consistent and reliable, can increase the District's control over its journal entries and reduce the likelihood of error or misappropriation. Testing procedures were conducted to assess the processing and maintenance of journal entries.

The objectives of the testing were to:

- Ensure compliance with District policies and procedures
- Ensure proper approval was obtained prior to processing
- Evaluate the sufficiency of supporting documentation
- Identify weaknesses, if any, in the internal control process
- Recommend possible enhancements to the process, if applicable

Scope:

We analyzed fifteen (15) journal entries for the months of July 2017 through March 2018 and tested each against the audit criteria above.

Observation

We noted that all journal entries tested were in compliance with the objectives outlined above.

- *No recommendation at this time.*

Audit Comment:

The District's controls surrounding the journal entry function are operating effectively.