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St. Lawrence BOCES:

Cash Receipts Internal Audit – 2023/24



June 24, 2024

Board of Education
St. Lawrence BOCES
40 W. Main St
Canton, NY 13617

We have completed the annual testing of controls for St. Lawrence BOCES. One of the requirements of the 2005 School Financial Oversight and Accountability legislation is ongoing testing and evaluation of the District's internal controls. Our engagement was designed to evaluate the adequacy of internal controls over Cash Receipts to ensure they are appropriately designed and operating effectively and efficiently. And, to provide a report with recommended changes for strengthening controls and reducing identified risks.

The purpose of the audit was to review the internal controls that the District has in place to prevent errors, detect fraud and ensure that financial reporting is accurate and that the District assets are safeguarded.

RELIABILITY OF INFORMATION

In performing our engagement, we obtained a sample from the population of Cash Receipt transactions to test the accuracy and reliability of information provided by District personnel.

As noted, the purpose of our engagement was to assist you in improving the process by which you monitor and manage the risks that face the District. Any findings and recommendations in the attached report are the responsibility of the District to implement, accept the risk as identified, or implement alternative controls that will mitigate the risk to a level that is acceptable by the District. Ultimately, it is your responsibility to assess the adequacy of your risk management system.

DISTRIBUTION OF THE REPORT

This report is intended solely for the information and use of the Board of Education and management of St. Lawrence BOCES and should not be used for any other purpose.

We appreciate the opportunity to serve you and thank the individuals in your organization for their cooperation. Over time, it will be necessary to reassess your risks to ensure that they have not changed and to ensure that your risk management system is functioning properly. Through our ongoing involvement with you as a client and our knowledge of your District and its processes, we are in a unique position to assist you with that process. Please contact us at any time should you desire such services.

Sincerely,

Mark Beaudette
Internal Audit Manager
Questar III BOCES

REPORT TO THE BOARD OF EDUCATION

ENTITY NAME	St. Lawrence-Lewis BOCES
REPORT DATE	June 24, 2024
PROCESS REVIEWED	Cash Receipts
PERSONNEL INTERVIEWED	Nicole Ashley - Director of Financial Affairs Patti Rowan - Treasurer Molly Williams - Principal Account Clerk (Main Building) Jordyn Vernsey – Secretary (Northwest Tech) Cindy Thomas – Building and Principal Secretary (Seaway Tech) Missy Steele – Keyboard Specialist/Guidance Secretary/Insurance Clerk (Southwest Tech)
SCOPE OF WORK	The audit reviewed the current processes for cash receipts and analyzed data on related activity from July 1, 2023 to April 30, 2024. We reviewed the District’s policies and procedures related to banking and cash handling with District personnel to obtain an understanding of the processes used for cash receipts; then we performed the following analysis and testing procedures: <ul style="list-style-type: none"> Reviewed a sample of 69 cash receipts, including all transactions within the tech centers, from the audit period for procedures to: accept; list and post to WinCap; prepare and maintain receipts and supporting documentation; and deposit to the bank.
SCOPE RESTRICTIONS	No scope restriction noted.
AUDIT OBJECTIVES	<ul style="list-style-type: none"> Assess the design and effectiveness of the system of internal controls over the Cash Receipts process; and, Provide recommendations to help mitigate any identified risks.
KEY PROGRAM CONTROLS	The District has created the following key program controls designed to meet business obligations, provide accountability, and promote operational effectiveness & efficiency: <ul style="list-style-type: none"> Cash receipts received by mail are opened by each building’s respective clerks, and are restrictively endorsed by the District Treasurer. Monies received are recorded on a log sheet as a breakdown; the log sheet maintains the date of deposit in addition to what each check received was for. The cash receipts are brought to the bank using locked bank bags by the Account Clerk for each tech center. The main office building only has electronic receipts; these are reviewed by the treasurer. The Account Clerk then delivers the bank deposit slips to the Main Office building’s treasurer.

	<ul style="list-style-type: none"> • The Principal Account Clerk of the main office building records the cash receipts in WinCap, which are then reviewed by the District Treasurer. • Cash receipts' supporting documentation is retained in the Business Office by receipt number. • The Principal Account Clerk performs the bank reconciliation which is then reviewed and signed off by the District Treasurer.
<p>OBSERVATIONS AND RECOMMENDATIONS</p>	<p><u>Observation 1:</u> The tech centers have several issues regarding a formal process for recording checks and the timeliness involving their deposit:</p> <ul style="list-style-type: none"> - The tech centers do not keep a log of when checks are received. This can impact maintaining an accurate record of timeliness; the District cannot accurately determine when checks are received at various locations without a log in place. - We have noted 40 instances of the 69 sample items where the tech centers are not keeping copies of checks that have been received. - The tech buildings are not logging checks electronically. The tech centers record the checks received by their amounts, description and date deposited manually on paper documents. <p><i>Recommendation: The District should maintain an electronic log of when checks are received by each tech center to ensure that checks are deposited in a timely manner within the week that they are received. Currently, the District uses paper forms for recording all checks within a given deposit slip. However, this process is lacking in formality as a different paper form is used by each tech center and each paper form lists only the date of the deposit, not the date of when the check was received. Moving from a manual paper log to an electronic log will assist in mitigating errors while promoting efficiency, accuracy and timeliness. Additionally, to ensure transparency and accurate input into the check log, the District should also retain copies of the checks that were received. The District should also include the date of when the check was received within their log.</i></p> <p><u>Observation 2:</u> Tech centers have a risk regarding their segregation of duties. For example, the Seaway Tech building's clerk opens the mail, records the monies received, creates deposit slips, and deposits those funds to the bank.</p> <p><i>Recommendation: The District should cross train additional individuals regarding the cash receipt process to promote transparency and reduce the risk of situations pertaining to conflicts of interest. A courier to deposit funds to the bank should be considered as well.</i></p>

SUBMITTED BY:	Anthony Velardi Senior Internal Auditor - Questar III BOCES
DATED:	June 24, 2024

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