

Hartford Central School District

Cafeteria Collections

MARCH 2018



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Hartford Central School District

Audit Objective

Determine whether cafeteria collections were properly recorded and deposited intact and in a timely manner.

Key Findings

- The Board did not adopt policies and procedures relating to cafeteria collections.
- Cafeteria collections totaling \$3,360 were not properly recorded.
- We identified four instances when cafeteria collections totaling \$250 were not deposited intact.

Key Recommendations

- Adopt policies and procedures and establish adequate controls over the cafeteria collection process.
- Ensure all cash receipts are properly recorded.
- Ensure all deposits are made intact.

District officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate, corrective action.

Background

The Hartford Central School District (District) is located in the Towns of Argyle, Fort Ann, Granville, Hartford, Hebron and Kingsbury in Washington County. The five-member Board of Education (Board) is responsible for the general management of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

The District employs a cafeteria manager and support staff who are responsible for receiving collections and maintaining daily sales records.

Quick Facts

Total District Employees	106
Student Enrollment	440
2016-17 Cafeteria Collections	\$56,558

Audit Period

July 1, 2016 - November 30, 2017

Cafeteria Collections

What is Adequate Oversight Over Cafeteria Collections?

District officials are responsible for establishing internal controls to ensure cafeteria collections are adequately recorded, safeguarded and deposited intact¹ and in a timely manner. A well-designed system of controls should include policies and procedures that address all phases of the collection process including collecting, recording and depositing. Additionally, policies and procedures should include managerial oversight that would enable District officials to identify any collecting, reporting and depositing deficiencies.

Cafeteria Collections Were Not Always Properly Recorded or Deposited Intact

We reviewed all 233 daily sales reports with cafeteria collections totaling \$74,594 and found the collections were generally deposited timely and accurately recorded in accounting records. However, 43 daily sales reports totaling \$17,862 contained variances between the amount of cash and checks recorded and deposited totaling \$3,610. We determined \$3,360 of these collections were for checks that were inaccurately recorded as cash collections in the point of sales system. These collections were related to the District's snack program and other miscellaneous receipts. We identified additional minor discrepancies, which we discussed with District officials.

The Board did not adopt policies and procedures to provide District officials and key employees with guidance on the proper recording, depositing and managerial oversight of cafeteria collections. The cafeteria employee responsible for making and recording collections and preparing deposits told us there were recording discrepancies because the point of sales system would not allow her to input a check payment when recording miscellaneous collections,² so she recorded all such collections as cash collections, causing the majority of variances between the daily sales reports and duplicate deposit slips. The remaining variances between the cash and checks sales recorded and deposited were caused by the Business Manager substituting personal checks with cash collections. When substitution occurs, the deposits are not made intact.

Although we did not identify any theft or loss of cafeteria collections, by not establishing proper procedures for processing cafeteria collections, there is an increased risk that collections could be lost, stolen or misappropriated without detection.

¹ Intact means the deposits are for the same amount and in the same form (i.e., cash, check) as the collections.

² We confirmed, by observation, check collections for miscellaneous sales could not be recorded as check collections.

What Do We Recommend?

1. The Board should adopt policies and procedures that establish adequate internal controls over, and managerial oversight of, the cafeteria collection process.
2. District officials should ensure that cafeteria collections are properly recorded in the point of sales system, including changes to the system for recording miscellaneous receipts.
3. The Business Manager should stop substituting cash collections with personal checks and ensure all deposits are made intact.

Appendix A: Response From District Officials

Hartford Central School

PO Box 79

Hartford, New York 12838

518-632-5222

www.hartfordcsd.org



"Hartford Central School, a community of educators, students, parents, and friends, dedicates itself to developing citizens who are productive and compassionate, and who, through their creativity and responsibility, will be assets to the greater community."

*Andrew Cook
Superintendent
632-5931*

*Brian George
Middle School/
High School Principal
632-5923*

*Bethellen Mannix
Elementary Principal/
Special Education
Chairperson
632-5222*

*Joann Searles
District Treasurer
632-5931*

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February 27, 2018

Mr. Jeffrey P. Leonard, Chief Examiner
New York State Office of the State Comptroller
One Broad Street Plaza
Glens Falls, New York 12801-4396

Dear Mr. Leonard,

The following is the management's response and corrective action plan to the recent New York State Comptroller's audit of the Hartford Central School District's Cafeteria Collections.

First, the Hartford Central School District would like to thank the staff of the New York State Comptroller's Office for their professionalism and assistance throughout the duration of the audit. The district realizes, and appreciates, the collegial relationship that exists with the Comptroller's office and how this office provides an important role in assisting the district to improve our internal controls with respect to protecting the taxpayers' monies. The Hartford Central School District places a high priority on ensuring that the proper protocols are in place to control, and protect, the taxpayer's investment in the district. The New York State Comptroller's selection of the Cafeteria Collections for testing is a positive reflection on the internal controls throughout district. With an operating budget of \$12,232,000 for the 2016-2017 school year, the audit of the Cafeteria Collection process of \$74,594, represented less than 1% of the district's financial obligations.

For all school districts, the Cafeteria Collection process is an area that has an intrinsically higher risk factor. When collecting cafeteria deposits, a majority of the payments are done in cash, which encompasses a higher risk factor. However, the district agrees with the recommendations with the NYS Comptroller's report related to the collection process.

- **Audit Recommendation 1:** The Board should adopt policies and procedures that establish adequate internal controls over, and managerial oversight of, the cafeteria collection process.
- **Implementation Plan of Action:** The district is working on developing specific procedures for handling the collection, and deposit, of cafeteria funds. These policies will be approved by the Board of Education, with support in development from the Cafeteria Manager, the Business Official, and the Superintendent. These policies will be in-place prior to the end of the 2017-2018 school year.

-
- **Audit Recommendation 2:** District officials should ensure that cafeteria collections are properly recorded in the point of sales system, including changes to the system for recording miscellaneous receipts.
 - **Implementation Plan of Action:** The district is working with Capital Region BOCES and the [REDACTED] software program to develop a plan to ensure that the cafeteria collections are recorded in the point of sale system. The Cafeteria Manager and the Free and Reduced Lunch Verification Official will be coordinating with representatives from BOCES and will have a process in-place before the end of the 2016-2017 school year.
 - **Audit Recommendation 3:** The Business Manager should stop substituting cash collections with personal checks and ensure all deposits are made intact.
 - **Implementation Plan of Action:** This recommendation has been completed and the district maintains that the collection process will not include the substitution of any personal checks.

The district views the completed audit as an opportunity to improve our financial processes and internal controls. We appreciate the Comptroller's input as related to the Cafeteria Collection process and feel as though we are able to develop procedures to reduce any further exposure.

Sincerely,

Andrew Cook
Superintendent
Hartford Central School District

cc: Board of Education Members

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, we performed the following audit procedures:

- We interviewed District officials and key employees and reviewed the District policy manual and written procedures to gain an understanding of the cafeteria cash receipts process and the flow of cash receipts data through the District's applications.
- We reviewed the cafeteria collection records from the point of sales system compared to the cafeteria cash receipts journal in the financial software to verify collections were properly recorded in the accounting records.
- We tested all daily cash receipts records during our audit period to the duplicate deposit slips with deposit compositions to determine whether cafeteria cash receipts were deposited intact and in a timely manner.

We conducted this performance audit in accordance with GAGAS, generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-1(3) (c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review in the Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

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www.osc.state.ny.us/localgov/index.htm

Local Government and School Accountability Help Line: (866) 321-8503

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