



**BEACON CITY SCHOOL DISTRICT  
ADMINISTRATIVE OFFICES**

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April 18, 2023

New York State Education Department  
Office of Audit Services  
89 Washington Avenue  
Room 524 EB  
Albany, NY 12234

To Whom it May Concern:

Below, please find the Beacon City School District's response to findings and recommendations of the Risk Assessment Report, which was performed by the district's internal auditors, Nawrocki Smith, LLP.

The Beacon City School District hereby submits a Corrective Action Plan for the Risk Assessment Report which is required under Section 170.12 of the Regulations of the Commissioner of Education in response to issues identified in the June 2022 Initial Risk Assessment Report provided to the district by our internal auditors. Please note that the information below is intended to ensure that the district properly accounts for the findings contained in the report titled "Beacon City School District, Initial Risk Assessment Pertaining to the Internal Controls of District Operations, July 2022."

**Recommendation #1**

According to Section 2102-a of the Education Law Board, members are required to obtain a minimum of six hours of training on financial oversight, accountability, and fiduciary responsibilities. The District should maintain copies of certificates of completion for Board of Education member fiscal financial training.

**Response**

The Board followed up with our two new board members and has copies of the certificates that they completed their fiscal financial training.

**Expected Completion Date**

Completed April 2023

**Recommendation #2**

The District should provide annual or semi-annual cross-training to identified emergency backup individuals in certain operational functions (e.g. payroll, treasury, etc.) to address short-term needs if they arise. A cost-benefit assessment should be performed to assess whether or not the Business Office, Human Resources, and Information Technology have the resources in place to meet the operational demands of the District.

**Response**

The district office lost three employees in key positions over the summer. The new employees that joined the district office began training in their current assignments and were also cross trained so they can be a backup for other positions. We will continue the process of cross training in other key positions in the Business Office. We will also evaluate whether there is a need for additional staff in the Business Office, Human Resources and Technology and will plan according and budget when necessary.

**Expected Completion Date**

During the 2024-25 school year.

### **Recommendation #3**

The District should develop formal documented guidelines and organizational charts regarding accounting and reporting, revenue and cash management, accounts payable, human resources, and payroll procedures. Procedures should be reviewed annually for training purposes and to ensure that responsibilities are adequately performed at each Department and comply with District policies.

#### **Response**

The District does not have written guidelines and updated organization chart for the Business Office. We will begin to formally document our procedures and once they are completed, we will review annually.

#### **Expected Completion Date**

Begin this current school year and tentatively be completed by the end of the 2023-24 school year.

### **Recommendation #4**

The District should develop a long-term financial plan for operational expenses, which should be updated annually, reviewed, and approved by the Board of Education. A long-term financial plan will assist the District in the budget development process and facilitate better projections of future costs.

#### **Response**

The district is currently working with Forecast Five to develop a long term financial plan. We will continue to fine tune this report and will share with the Board of Education when it is completed.

#### **Expected Completion Date**

School year 2023-24

### **Recommendation #5**

The Business Office should develop a standardized journal entry form to document the request and approval of journal entries. The journal entry forms should document the requestor, the request date, the account codes, the approver, and the approval date and should be accompanied by an explanation and documentation supporting the transaction. We recommend that the Deputy Superintendent review and sign all journal entry forms within one (1) month of processing. This will ensure that journal entries are reviewed and approved in a timely manner. As an alternative, the Business Office should consider cost-benefit options of developing application controls within nVision to review and approve journal entries electronically. The supervisory review of the journal entries prevents an employee from entering improper entries into the system without being detected

#### **Response**

We have reached out to NVision and have started the process of using the feature in NVision to electronically approve journal entries before they are posted to the accounts.

#### **Expected Completion Date**

We will begin a trial in the second half of the 2022-23 school year and have it fully implemented for the 2023-24 school year.

### **Recommendation #6**

A collateral analysis should be prepared as part of the District Treasurer's report and presented to the Board of Education on a monthly basis.

#### **Response**

The District Treasurer has prepared a collateral analysis that is now included in with the Treasurer's reports that are submitted to the Board of Education.

#### **Expected Completion Date**

Completed.

### **Recommendation #7**

We recommend that the District implements dual controls for preparing and releasing wire transfers. Dual controls help segregate duties such that one individual can initiate the transaction while a second individual must verify, approve and release the transaction.

**Response**

The District Treasurer reached out to M&T bank and re-implemented a dual approval requirement which includes the Deputy Treasurer for all wire transfers being sent out.

**Expected Completion Date**

Completed.

**Recommendation #8**

The District should update its policy manual and develop formal guidelines pertaining to the governance, accounting and reporting, purchasing, payroll, and fixed assets purchased through grant funds to comply with the requirements of the Uniform Guidance. The documented procedures should be reviewed and updated annually to maintain relevance and reflect regular changes in grant processing.

**Response**

We will review the District policies with the Policy Committee of the Board and make any necessary changes to policies concerning grant funds. We will also work with our internal audit firm to develop procedures on how transactions related to grants should be processed and recorded.

**Expected Completion Date**

Beginning of the 2023-24 school year.

**Recommendation #9**

The Grants Department should obtain completed payroll certifications for all grant employees. (Semi-annually for employees whose salary is 100% paid by grant funds and monthly for employees whose salary is partially paid by grant funds) Employees who have not submitted completed payroll certifications should be contacted to submit current certifications. This will assist the District with adhering to the reporting requirements of OMB Circular A-133 – Certification of Payroll Funded through Federal Awards.

**Response**

We have required that employees paid under a federal grant complete a payroll certification but we have not met the required dates mentioned above. We have started the required process and will continue and institute the new procedure fully in the 2023-24 school year.

**Expected Completion Date**

End of the 2023-24 school year.

**Recommendation #10**

We recommend the District implement a process to have all District employees sign their acknowledgment of their annual salary notices and maintain a copy in the employee's personnel file. An alternative to the above recommendation is to analyze the nVision application's capabilities to make the employee salary notices available electronically via email or portal to all employees for their review.

**Response**

We are in the process of working with NVision to make the employee's salary notice available electronically. We will begin the rollout of these notices in the 2023-24 school year.

**Expected Completion Date**

We will begin this process in the 2023-24 school year. We anticipate this will be fully operational by the end of the 2024-25 school year.

**Recommendation #11**

The Deputy Superintendent, or other designee, should perform a formal review of payroll changes and examine the gross pay of the current to the previous period payroll for reasonableness prior to disbursement. The review process should be documented and signed off by the reviewer. This control will assist the District in increasing its oversight over changes in employment status (e.g., additions and terminations), salary, and wage rates.

**Response**

Our internal claims auditor reviews payroll on a bi-weekly basis before the payroll is distributed. The claims auditor reviews the exception report and tests the calculations of the employees listed. The auditor also reviews the total payroll for reasonableness from one pay cycle to another.

**Expected Completion Date**

Internal claims auditor reviewing the payroll and documenting review processes.

### **Recommendation #12**

The District should utilize a pre-approval form to document the request and approval of overtime work. Prior written authorization should be required for all nonemergency overtime hours and should be granted only for specific and verifiable purposes. In emergencies, supervisors should verbally request/preapprove overtime and follow up with a review of overtime records to determine the appropriateness of overtime hours incurred. Prior written or verbal approval allows Management to ensure that overtime is incurred for a valid and needed purpose and that funding for the nonemergency overtime is provided for in the budget.

#### **Response**

Overtime is currently approved by the Supervisor on a time sheet after the overtime has been worked. There is an informal process concerning overtime, but not a documented one. We will begin working with department supervisors to develop a procedure to require non-emergency overtime to be pre-approved.

#### **Expected Completion Date**

During the 2024-25 school year.

### **Recommendation #13**

We recommend that the Personnel Office consider implementing an exit checklist when an employee is terminated or leaves the District. The District should also utilize the exit checklist to document that all property in the employee's custody, including but not limited to laptops, badges, keys, cell phones, etc., has been returned. The exit checklist will provide the support that proper procedures are followed when employees are terminated.

#### **Response**

We are currently working on an HR focus area with our internal auditors to develop new human resources procedures including an exit checklist for all employees.

#### **Expected Completion Date**

End of the 2023-24 school year.

### **Recommendation #14**

The District should continue its efforts in evaluating the non-instructional employees on an annual basis to adhere to the employee bargaining unit agreement or contract. The Personnel Office should ensure that the respective employees sign their employee evaluation forms. The Personnel Office should review annually the Frontline application to ensure that instructional employee evaluations are complete. This will ensure that the District properly communicates to its employees their performance and expected goals and that the employee personnel files are complete.

#### **Response**

The District has not been diligent in ensuring that all evaluations of non-instructional staff be completed in a timely manner. We will work with all the supervisors of the non-instructional staff to have them complete their evaluations and submit them to the Personnel office. The instructional employee evaluations are on Frontline and we will have our Personnel Assistant for certified staff work with Central office administrators to ensure the evaluations are completed by the end of the school year.

#### **Expected Completion Date**

End of the 2023-24 school year.

### **Recommendation #15**

The Personnel Office should maintain an employee seniority list indicating the length of continuous employment with the District. The seniority list should include employment dates, credentials, and prior experience, if applicable. Contents of this list shall be shared with the applicable bargaining units annually and utilized by the District during the budget season and in the event of layoffs.

#### **Response**

The Personnel Assistant for certified staff maintains a Seniority list in NVision for each Administrator, Teacher and Teaching Assistant by their tenure area. For non-instructional personnel, we rely on Dutchess County Civil Service to provide us a seniority list by each civil service title. If there is a chance there maybe layoffs, we would contact them to provide the titles we would need. Currently we are experiencing a shortage of non-instructional employees and have some positions unfilled.

**Expected Completion Date**

Completed

**Recommendation #16**

The District should consider conducting, with the assistance of Nawrocki Smith, a vendor database analysis. This will allow the District to assess the current status of the database and, at the same time, identify solutions for ongoing maintenance of the vendor database. This will help ensure only vendors with ongoing business activities with the District are active and prevent duplicate payments to vendors with multiple entries in the database.

**Response**

We will contact Nawrocki Smith about scheduling this review.

**Expected Completion Date**

Begin in the 2023-24 school year.

**Recommendation #17**

The District should have the Working Supervisor or Facilities Director actively inspect work order status and inspect the completed work orders. This will help the District ensure work orders are being performed timely and appropriately.

**Response**

The Working Supervisor and Facilities Director do inspect difficult work order situations to ensure that the work has been performed adequately. They will also follow up with users placing the work orders if the user is not satisfied with the results. We can review the work order system to develop a high level review process going forward.

**Expected Completion Date**

School year 2023-24

**Recommendation #18**

The Facilities Department, with the assistance of the Business Office, should consider the cost-benefit of investing in a software system that will enhance the monitoring of equipment service failures and manufacturers' maintenance requirements and warranties. This will assist the Facility Department in improving its controls over the timely completion of the scheduled routine service calls and ensure that preventative maintenance inspections are completed in a timely manner. Furthermore, the District should consider maintaining separate account codes for ad-hoc and preventive maintenance expenses in nVision to assist the Facilities Department in identifying the equipment that needs replacement during the budgetary process.

**Response**

The Facilities Director has purchased a software package, ML Drawings that keeps track of our equipment. The Director reviews product user manuals and recommended maintenance requirements and inputs this information into this system to monitor and schedule preventive maintenance on our equipment. We are still in the process of getting the software fully operational and once completed will discuss how to account for all preventative maintenance costs in a separate budget code.

**Expected Completion Date**

Software implementation began in the 2022-23 school year and will continue through the 2023-24 school year to become fully operational.

**Recommendation #19**

The District should consider the cost/benefit options of utilizing GPS technology to monitor all or some of the District vehicles. A computerized monitoring system will allow the District to verify the location of each District vehicle, assess acceptable idle time and gas utilization, and receive real-time notifications of potential speeding violations.

**Response**

Our school buses have a camera system that tracks the route driven, speed and location. We would like to continue with this and also move to a GPS system. Our facilities department vehicles do not have a monitoring system, so we will consider adding these vehicles when adding GPS to our transportation fleet.

**Expected Completion Date**

Begin analysis in the 2023-24 school year.

### **Recommendation #20**

All Administrators, Department Heads, and employees who sign off on the receiving copy of the purchase order should be required to attach inventory tags on the applicable fixed assets.

### **Response**

We have an asset tag system on our computer equipment, but we do not have a formal tag system for the other equipment purchased by the district.

### **Expected Completion Date**

We will begin reviewing tag systems in the market place and will begin this process in the 2023-24 school year.

### **Recommendation #21**

The District should also consider contracting with a third-party consultant to conduct a complete fixed asset appraisal to assess the existence and value of the District's fixed assets. The District should also designate an employee to perform a periodic fixed asset inspection during the year to verify whether control procedures are being followed and that fixed assets are properly safeguarded. Comparing physical inspections to property records will identify missing equipment, equipment disposed of without authorization, and untagged equipment. The same employee should reconcile the additions reported on the property ledger to the cash disbursements for equipment codes reported in nVision will ensure the accuracy of the reported fixed asset costs.

### **Response**

Our external auditors maintain a fixed asset listing for the District. They review additions to our 200 codes each year and add these to our asset list. We have not had a consultant prepare an appraisal. Our insurance company, NYSIR, does offer this service so we will reach out to them to have their consultant work on this with us.

### **Expected Completion Date**

Complete in the 2024-25 school year.

### **Recommendation #22**

The District should consider developing a process requiring the Extra classroom Activity Advisors to submit to their Principals a stipend request form, meeting attendance sheets, and activity reports (meeting minutes) indicating their clubs' meeting dates and accomplishments. Upon receipt, the Principals should notify the Payroll Department to process their stipend payment.

### **Response**

We have assigned a new Business Office staff member to be the comptroller of the Extra Classroom Activity account. We have discussed changes in the procedures that we are currently doing and looking at ways to improve. During the summer of 2023-24, we will be preparing new procedures that we plan to roll out during the 2023-24 school year. These procedures will include meeting dates, attendance sheets and activity reports. We will work with the building administrators to submit this paperwork with the claim form before the faculty member receives their stipend.

### **Expected Completion Date**

We will begin new procedures for the 2023-24 school year and work through the 2024-25 school year for a full rollout.

### **Recommendation #23**

The District should consider reviewing and updating, where needed, the District's extra classroom activity training and guidance pertaining to the process preparing profit and loss statements and of student involvement and attendance in fundraising, deposits, disbursements, sales tax, and accounting procedures.

### **Response**

We are planning to meet with club advisors and coaches at the beginning of the 2023-24 school year to review the processes with them personally. We will update all hand outs and forms to distribute.

### **Expected Completion Date**

At the end of the 2023-24 school year.

### **Recommendation #24**

The District should develop a process whereby the Principals formally review and pre-approve fundraising events. A list of fundraising events should be maintained to track the amounts raised and frequency of fundraising by building.

These recommendations will assist the District in increasing its oversight of the fundraising activities and assist the Central Treasurer in monitoring expected and actual collections from fundraising events.

**Response**

The High School principal has a google sheet where all teachers and advisors enter their fundraising activities. We would like to expand this to the Middle school going forward. The building administrators should review fund raisers to ensure there is no duplication or if all the fundraisers are done at the same time. We will ask the building admistrators to share the google sheet with the Business office so the comptroller of Extra Classroom has an idea when we will be receiving the proceeds for the fundraising events.

**Expected Completion Date**

During the 2023-24 school year.

**Recommendation #25**

According to the NYSED Extra classroom Activity Fund guidelines, the District should appoint a Faculty Auditor to review all Extra classroom Activity Fund transactions to ensure that all collections and disbursements are supported, approved, and processed accurately. The Faculty Auditor should be an individual distinct and separate from other appointed officers. The Faculty Advisor should reconcile monthly The Central Treasurer and Club Advisors' ledgers to ensure they are complete and accurate. This will enhance the District's oversight of internal controls over the Extra classroom Activity Fund and ensure compliance with State Education Guidelines.

**Response**

We are planning to update the procedures and processes for the faculty advisors first and then will start the process of having an auditor review the ledgers and the activities of the Central Treasurer.

**Expected Completion Date**

We will begin this work in the 2024-25 school year.

**Recommendation #26**

The District should update its technology plan to indicate the District's current technology goals, infrastructure, inventory, software and support, curriculum, professional development, investment plan, the status of initiatives, and monitoring and evaluation.

**Response**

Our district did not have a permanent Technology Director for several months. One of the new Technology director's tasks will be to update the technology plan.

**Expected Completion Date**

Work will begin in the 2022-23 school year and continue in the 2023-24 school year.

**Recommendation #27**

We recommend the District have a third party perform a NIST gap analysis (cybersecurity assessment) of the current state of the information security level of the District in accordance with the National Institute of Standards and Technology Cybersecurity Framework (NIST CSF), Center for Internet Security (CIS) 18 Critical Security Controls, New York State Education Law §2-D Regulation, Part 121 of the Commissioner's regulations, and best practices.

**Response**

We have spoken to our internal audit firm and they are able to perform a NIST gap analysis.

**Expected Completion Date**

During the 2023-24 school year.

**Recommendation #28**

The Special Education Department and the third-party consultant should investigate the reasons surrounding the reporting discrepancies to NYSED, obtain supporting documentation, and confirm the validity of the service costs reported on the STAC application system.

**Response**

Our Assistant Superintendent of PPS has decided to hire a new firm to help our senior account clerk file the STAC information. We believe this firm is more qualified to do the correct reporting.

**Expected Completion Date**

Will begin July 1, 2023

**Recommendation #29**

We recommend that the Special Education Department implement procedures to formally reconcile STAC and Medicaid claims to the payments received by the District. This will ensure that the District is receiving all state aid funds owed to them for STAC and Medicaid claims.

**Response**

The Senior Account Clerk in PPS will begin this reconciliation process going forward.

**Expected Completion Date**

During the 2023-24 school year.

**Recommendation #30**

We recommend the District and its insurance broker work towards conducting annual inspections and reviews of claims and contracts to identify the District's risk areas. The Business Office and its insurance carrier should review the insurance policies and applicable premium amounts, payouts, and coverage to ensure that the District appropriately transfers its risk exposure. This will assist the District in identifying that sufficient insurance coverage is maintained.

**Response**

We will reach out to our representative at NYSIR to review our current policies.

**Expected Completion Date**

Summer 2023

Very truly yours,

Ann Marie Quartironi  
Deputy Superintendent