

BALDWINSVILLE CENTRAL SCHOOL DISTRICT

**Independent Internal Audit Report
Inventory**

June 30, 2019 - 2020

Bonadio & Co., LLP
Certified Public Accountants

May 18, 2020

Audit Committee Members
Baldwinsville Central School District
29 East Oneida Street
Baldwinsville, New York 13027

Dear Audit Committee Members:

Bonadio & Co., LLP was engaged by the Baldwinsville Central School District (the District) to fulfill the requirements of the Internal Audit Function in accordance with the provisions of the 2005 Public School District Accountability Act. We have been contracted by the District to evaluate the policies and procedures in place regarding the internal controls over the inventory function and perform walkthroughs of each academic building.

The results, which are included in this report, have been communicated to the District Administration, whose responses have been included in this document.

This report is intended solely for the information and use of the District Administration, the Audit Committee, and others within the District and is not intended to be and should not be used by anyone other than those specified parties.

We would like to acknowledge the cooperation extended to us during our examination by the employees of the District.

If you have any questions concerning this report, please feel free to contact us at any time.

Very truly yours,

BONADIO & CO., LLP


by:

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SECTION I: EXECUTIVE SUMMARY

Purpose and Scope

The procedures performed examined the effectiveness of the internal control environment surrounding the inventory function of the Baldwinsville Central School District (the District). In addition, we performed walkthroughs of all academic buildings (including Baker High School, Elden Elementary, Durgee Jr. High School, Palmer Elementary, Van Buren Elementary, Ray Middle School, Reynolds Elementary, and McNamara Elementary) with the purpose of considering security, safety, volumes and conditions of various inventoriable items. Onsite visits were conducted on February 20, 2020.

The scope of this engagement did not include food commodities and/or supplies associated with breakfast and school lunch programs. In addition, we did not review classroom/teacher closets and storage areas.

Internal Control Assessment

We believe that based on the work performed, the District's internal controls over the inventory function are adequate. However, we identified opportunity for enhancement and further mitigation of risks for misappropriation or abuse.

Responses from Administration

The District's Administration's responses to our observations identified in our report are described in Section III: Observations and Recommendations. We did not audit the District responses and, accordingly, we express no opinion on them.

Confidentiality

This report is confidential and should be distributed only to those with a need to know and who are authorized to the information; the District Board of Education, the District Superintendent, or the Assistant Superintendent for Administration. Bonadio & Co., LLP (B&Co.), the Internal Auditors, must approve the release of this report to anyone outside the District.

SECTION II: TESTING PROCESS

We considered and evaluated the following controls:

1. General
 - B&Co. interviewed key personnel including head custodians and staff-level custodians at all eight of the schools within the District.

2. Understanding of the Design of the Internal Control Environment
 - We observed key personnel performing job duties.
 - We considered the overall environment and potential access for access of inventory.

3. Assessing the Operating Effectiveness of the Internal Control Environment
 - We assessed the effectiveness of the design of existing policies and procedures through performance of walkthroughs, viewing of custodial closets, viewing of storage closets, and viewing of basements.

SECTION II: TESTING PROCESS (CONTINUED)

4. Procedures and Testing
- Visited all Baldwinsville School District buildings as identified in our scope. We viewed all cleaning supplies, restroom supplies, paper, office supplies, and other miscellaneous supplies inventory. B&Co. noted what was being viewed, where it was kept, who had potential access, and who is responsible for restocking and/or re-ordering. B&Co. noted the quality of the items, (i.e. was there water damage, mold, aging, etc.). B&Co. noted how much of the item was on hand and inquired how often it is reordered. In addition, B&Co. noted the quality of the area where the items were stored.
 - Viewed extraneous Information Technology (IT) items at all applicable locations identified within the scope. B&Co. noted what the IT item was, where it was kept, and who had access to the item. B&Co. inquired of the procedures to dispose of or repair outdated or damaged IT items. B&Co. noted the conditions of the area where the extraneous IT items were being stored.

SECTION III: OBSERVATIONS AND RECOMMENDATIONS

The observations and recommendations below are based on our observations, and inquiries over supplies inventory at each building of the Baldwinsville Central School District. We wish to share the following items of significance:

A. BAKER HIGH SCHOOL

Observation

B&Co. viewed brand-new, unused, KitchenAid pots and pans (multiple sets) in storage closet 1430E which is used for the purpose and use of custodial staff, with no restricted access.

Recommendation

We recommend that these pots and pans replace the ones currently being used in the Family and Consumer Science room and the old ones be disposed of, or that the new pots and pans be returned or sold. At minimum, storing these items in an appropriate location should be considered.

Management Response

The B&Co. recommendation to incorporate the use of these new pans into the FACS instructional spaces will be acted upon. Old pans will be disposed of.

Observation

B&Co. viewed an untidy closet in one of the technology classrooms. The walking path was unclear and filled with random objects.

Recommendation

We recommend keeping closets tidy with a clear path for movement, especially when tools or other hazardous items are being stored in the space. This will ensure the safety of students and staff.

Management Response

Staff will be directed to clean, clear, and organize all closets in the technology classrooms to ensure the safety of students and staff. This is a priority and will be addressed and we will request an inspection following the clean-up by our District Safety Officer.

Observation

B&Co. viewed a broken door lock on the old chlorine room in the basement. In this room there was also a corroding chair that was clearly damaged and had no value, which was consistent with discussions held with the custodian.

Recommendation

We recommend fixing this door lock to ensure that it can lock effectively allowing access to be restricted. We also recommend disposing of the corroding chair, as it is unsafe, does not serve a purpose, and is taking up space that could be used for storage

Management Response

This door lock will be fixed so that it is functional, and the corroding chair will be disposed of.

B. ELDEN ELEMENTARY

Observation

B&Co. viewed old, empty chemical bottles that had not yet been disposed of.

Recommendation

We recommend that empty or old items be disposed of in accordance with product and safety recommendations. This will help keep areas clutter-free, safe and make space for new, usable items.

Management Response

The District disposed of the chemical bottles properly as of March 31, 2020.

Observation

B&Co. viewed room 132 which holds supplies for custodians, art, and the PTA, all of whom have keys and access to this room.

Recommendation

We recommend alternate solutions for storing PTA supplies be considered to ensure District inventory is properly secured.

Management Response

An alternate PTA supply area is being considered as of March 31, 2020.

Observation

B&Co. viewed old supplies (toilet paper) that no longer fit in current dispensers. These items were in the storage space above the SRO office.

Recommendation

We recommend that these items be thrown away, donated, or given to other buildings in the District that have the capacity to use them.

Management Response

The supplies over the SRO office will be given to other parts of the district by Fall 2020

Observation

B&Co viewed random items and supplies stored beneath the stage by individuals working in the main office. Some items appeared to have not been used in quite some time.

Recommendation

We recommend that these items be sorted into piles of what is usable/necessary to keep and what can be thrown away or donated. This will create more storage space for other things around the building.

Management Response

The Elden secretary will update and move records from under stage during Summer of 2020. Items deemed beyond useful life will be disposed of properly in summer 2020.

C. PALMER ELEMENTARY

Observation

B&Co. viewed supplies piled on top of a cabinet in the conference room in the main office.

Recommendation

We recommend that these supplies be stored inside a cabinet or closet and not out in the open. Current processes leave the District more vulnerable to theft and misappropriation.

Management Response

Supplies will be organized into closets or cabinets.

D. RAY MIDDLE SCHOOL

Observation

B&Co. viewed a hazardous stairwell leading to an upstairs storage area. This is the only access point to the storage area and accessing the area safely is difficult.

Recommendation

We recommend that a member from Facilities consider the safety of this area of the building and evaluate if it should no longer be used and/or repaired/replaced.

Management Response

The Facilities department has reviewed the situation and made an assessment of the stairwell. We have a recommendation moving forward and will limit access to this space.

E. MCNAMARA ELEMENTARY

Observation

B&Co. viewed a doorway between the library and library closet that is never closed or locked. The closet holds books, iPads, and laptops.

Recommendation

We recommend that this door be kept locked at all times, even if the door is usually being monitored. This will help keep the valuable items inside the closet safeguarded from misappropriation.

Management Response

This door will remain locked at all times and will only be accessed by the school librarian, principal and custodian

Observation

B&Co. viewed a crawlspace door into the basement. This small entry is the only access to the basement from inside the school.

Recommendation

We recommend replacing this door with a larger door that can be walked-through instead of crawled-through. This will make the process of getting items out of the basement safer and easier.

Management Response

Due to the location of the door, it is unable to be replaced. The basement is not used for McNamara building storage. The basement is used as a district storage space and is only accessed through the exterior of the building.

Observation

B&Co. viewed inadequate lighting in the basement where things are stored and where people walk.

Recommendation

We recommend upgrading the lighting in the basement. This will make it easier to identify what is being looked for and it will be safer for anyone that is using the space.

Management Response

There are several lights in the basement that work via sensor controls. The school principal and custodian will consult with buildings and grounds to locate the sensor control areas and ensure that they are appropriately placed.

Observation

We viewed a supply closet that holds paper, paper towels, toilet paper and some IT equipment (computers and monitors).

Recommendation

We recommend that IT equipment be stored in a place accessible only to authorized individuals and not with other supplies inventory. Additionally, we recommend that this IT equipment be checked against the IT inventory to ensure its included.

Management Response

All IT equipment will be checked towards McNamara inventory and then moved to the appropriate location.