




INTEROFFICE MEMORANDUM

TO: Christopher J. Todd
District Superintendent

FROM: Michael J. Sheperd 
Assistant Superintendent for Administrative Services

SUBJECT: Resolution to Accept the Internal Audit Small Parts and Equipment Testing Report 2020-2021 and Management Responses/Corrective Action Plans

DATE: 04/30/2021

CC:

Enclosed please find the Internal Audit Small Parts and Equipment Testing Report 2020-2021 provided by our Internal Auditing firm of Bonadio & Co., LLC, CPAs summarizing their review of tracking and safeguarding of small parts, tools and equipment in Career & Technical Education shops. Also included in the report are the Management Responses and Corrective Action Plans relative to the findings.

Please note that the Audit Committee of the Board met with our Internal Auditor on April 12, 2021 to review this document and ask questions. There were some good recommendations made pertaining to shop walkthroughs by Principal, locking up small items, tracking student use of tools, conducting tool and equipment inventories, and evaluating the need for locked chemical storage. As a result of that meeting, the Committee is recommending that the Board of Education accept the Internal Audit Small Parts and Equipment Testing Report 2020-2021 and Management Responses/Corrective Action Plans.

Therefore, I would like to recommend that the following resolution be presented for approval at the May 12, 2021 Board of Education meeting:

Resolution to accept the Internal Audit Small Parts and Equipment Testing Report 2020-2021 and Management Responses/Corrective Action Plans:

BE IT RESOLVED, that the Oswego County Board of Cooperative Educational Services hereby accepts the Internal Audit Small Parts and Equipment Testing Report 2020-2021 submitted by Bonadio & Co., LLC, CPAs, and the Management Responses/Corrective Action Plans.

Thank you for your consideration of this matter.

MJS:mak

Enclosure

The Center for Instruction, Technology and Innovation

Internal Audit - Small Parts & Equipment

July 1, 2020 – June 30, 2021

Bonadio & Co., LLP
Certified Public Accountants

April 7, 2021

The Center for Instruction, Technology and Innovation
179 County Route 64
Mexico, NY 13114

Dear Board of Education:

Bonadio & Co., LLP was engaged by The Center for Instruction, Technology and Innovation (CiTi BOCES) to provide a risk assessment in accordance with the provisions of the 2005 New York State Fiscal Accountability Legislation. We have been contracted by CiTi BOCES to consider the design of existing controls, and policies and procedures in place over the small parts and equipment function, as well as perform walkthroughs of the Auto Technology and Construction Technology Classrooms (collectively the "classrooms").

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

This report is intended solely for the information and use of management and the Board of Education, 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 Center for Instruction, Technology and Innovation.

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

Very truly yours,

BONADIO & CO., LLP



by:
Keeley Ann Hines, CPA
Principal

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SECTION I: EXECUTIVE SUMMARY

Purpose and Scope

The purpose of this engagement was to perform procedures to evaluate the design of existing controls, and policies and procedures in place over the small parts and equipment function. In addition, we performed walkthroughs of the Auto Technology and Construction Technology Classrooms (collectively the "classrooms") to observe the overall control environment consider security, safety, as well as volume and conditions of various small parts and equipment items.

Our site visits were conducted on February 26, 2021 and included both the Auto Technology and Construction Technology classrooms within CiTi BOCES. We interviewed both the Auto Technology Instructor and the Construction Technology Instructor. We viewed all small parts and equipment within each classroom. 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. new, used, etc.). B&Co. noted how much of the item was on hand and inquired further when deemed necessary on volume and/or how often it is reordered. In addition, B&Co. noted the quality of the area where the items were stored.

In performing our engagement, we relied on the accuracy and reliability of information and responses provided by District personnel. We have not audited, examined or reviewed the information or responses, and as such, express no assurance on it. Had we performed additional procedures, other may have come to our attention that would have been reported to you in our Observations and Recommendations section of this report.

Responses from Administration

Administration's responses to our observations identified in our report are described as part of a corrective action plan assembled by Administration under separate cover. We did not audit the District responses and, accordingly, we express no opinion on them.

COVID-19 Disclosure

B&Co. observations and recommendations within this report do not consider any rules, regulations, legislative requirements, or best practices issued by the Centers for Disease Control and Prevention (CDC), the New York State Department of Health, or the New York State Education Department. Before implementing any corrective action, Administration should consider any compliance requirements that may be applicable as it relates to sharing of objects between students and teachers, social-distancing requirements, and sanitation procedures in response to risk mitigation for the spreading of COVID-19.

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: OBSERVATIONS AND RECOMMENDATIONS

A. GENERAL COMMENTS

1. Observation

B&Co. noted that at this time there is no overarching review or inventory walkthrough performed by a third party or representative from management and/or District Office.

Recommendation

We recommend that management consider designing and conducting a periodic walkthrough (for instance on an annual basis). As part of this process a walkthrough of the classrooms would be performed to determine classroom(s) are being maintained in an orderly fashion, quality and inventory of tools, equipment, and parts are appropriate and reasonable, and purchasing is consistent with budget and other expectations based upon what is learned during the visit. This would aid in mitigating the risks related to loss, misappropriation, and theft.

Management Response

The CTE Principal will meet with the teachers to develop a walkthrough checklist. Walkthroughs will be conducted annually or semi-annually by the Principal (or designee) and teacher to assess the storage, oversight, and maintenance and inventory of tools (i.e.: are any missing), equipment, and parts, etc. The Principal will also assess presence of equipment and tools against knowledge of purchases to date to gauge that items are present and accounted for. The walkthrough checklist will be completed by the end of the 2020-21 school year with walkthroughs to begin during the 2021-22 school year.

B. AUTO TECHNOLOGY CLASSROOM

1. Observation

B&Co. viewed the cabinets in which the small parts and equipment were stored noting that not all of the small parts and equipment were in locked cabinets.

Recommendation

We recommend that all cabinets remain locked unless a student needs a tool from such cabinet. The small parts (i.e. nuts and bolts) should be secured to ensure that such small parts cannot be taken away from the classroom and placed in a pocket or backpack.

Management Response

The CTE Principal will review purchasing records/trends with teachers to further examine the need for securing small supplies in locked containers. They will also review shop capabilities for securing small tools and parts, and how this would impact class logistics. Where feasible and warranted, securing measures will be provided and classes required to lock such items when not being used. Review of records and evaluation of ability and need for lockable provisions will be completed by the end of the 2021 school year and measures implemented for September 2021.

2. Observation

B&Co. noted that a check in/check out policy for the small parts and equipment was temporarily suspended due to reduced student count as a result of COVID- 19. Given this student reduction in in-person instruction, the Instructor did not find it necessary and was able to quickly assess any missing small parts and equipment by viewing the wall where such items are returned and stored.

Recommendation

In the event in-person instruction enrollment increases once again to pre COVID-19 levels, management should consider enhancing policies and procedures. We recommend that the tools be tagged and the students be given a corresponding tag to keep until the end of the class to ensure all tools borrowed are returned. An alternative set of controls would be for the Instructor to maintain a checklist which identifies the five tools each student has selected. At the completion of class, the tools should be returned directly to the Instructor who will cross reference the tools against the list. A third alternative would be for the Instructor to implement a system that will assign and label each small party or piece of equipment with a number that corresponds to a student as well as to the number on the hooks or location on the shelf. This will allow for ease in identifying a missing part of equipment.

Management Response

The CTE Principal will work with teachers to evaluate audit suggestions and/or develop another system as feasible relative to class logistics and warranted to confirm and ensure that all tools are returned by students each day. Systems will be evaluated and created by the end of the current school year and implemented as warranted for September 2021.

3. Observation

Per inquiry, the Instructor conducts a full inventory once per year, typically in June, to determine supplies needed for the upcoming school year. Following the students returning supplies, the Instructor will view the supply room to confirm there are no open spaces that would indicate a missing tool.

Recommendation

We recommend a full inventory be performed on a more frequent basis (perhaps quarterly and/or in conjunction with school breaks) to ensure any broken, stolen or lost tool is discovered as quickly as possible.

In addition, management may want to consider requiring the performance of an "opening" inventory to ensure complete and accurate records before the start of a new school year and/or semester.

Management Response

The teachers will create an inventory list of equipment and tools by the end of the 2020-21 school year. This listing will be the basis for inventories to be taken periodically during the 2021-22 school year (i.e.: approximately September, January, June). If something is added or discarded in the interim, records will be updated to reflect those changes. The CTE Principal will also work with the teachers to create appropriate student assignments to assist with inventory processes as a hands-on learning experience.

4. Observation

B&Co. noted that the small parts and equipment were contained in various toolboxes throughout the garage.

Recommendation

B&Co. recommends organizing the workshop so that all tools of the same kind are stored together rather than in various toolboxes. This will afford the Instructor a more efficient inventory process allowing him to identify more quickly broken, stolen or loss parts and equipment.

Management Response

Each instructor will identify an organized shop layout that mirrors industry expectations while accommodating class logistics and allowing for easy identification of lost/misplaced tools. This will likely involve storing tools in sets/chests vs. storing all like tools together. Industry usually requires employees supply and manage their own tools, so students will be expected to manage their tool chests with oversight by the program instructor. Instructors will periodically inspect tool sets for missing items. Also, the planned periodic inventory process will help confirm presence of complete tool sets. Teachers will have organized shop layouts identified by end of the 2020-21 school year, with implementation planned for September 2021.

C. CONSTRUCTION TECHNOLOGY CLASSROOM

1. Observation

B&Co. noted the levels, tape measures, used cordless drills, hammers, etc. were stored in the open, each tool hanging on a nail. The Instructor views which tools the students use and return to the designated spot on the wall. A missing tool would be noticed by an empty spot on the wall. The tools were grouped by type of tool and kept neatly together.

Recommendation

We recommend that the tools be tagged and the student given a corresponding tag to keep until the end of the class to ensure all tools borrowed are returned. An alternative would be for the Instructor to maintain a checklist which identifies the tools each student has selected. At the completion of class, the tools should be returned directly to the Instructor who will cross reference the tools against the list. An inventory check should be performed on a frequent basis to ensure a stolen or lost tool is discovered as quickly as possible.

Management Response

The CTE Principal will work with teachers to evaluate audit suggestions and/or develop another system as feasible relative to class logistics and warranted to confirm and ensure that all tools are returned by students each day. Systems will be evaluated and created by the end of the current school year and implemented as warranted for September 2021.

2. Observation

Twice per year, the Instructor replenishes supplies and tools that are prone to break, such as tape measures, levels, nails, etc.

Recommendation

We recommend maintaining a list of equipment on hand, including quantities of each, and updating frequently. When any small equipment becomes damaged and broken, or is identified as missing, the status should be updated. This list can be used to monitor and account for any theft, waste, or abuse. In addition, this list can be used in determining rate of use as well as in conjunction with the determination for future needs and necessary purchases.

Management Response

The teachers will create an inventory list of equipment and tools by the end of the 2020-21 school year. This listing will be the basis for inventories to be taken periodically during the 2021-22 school year (i.e.: approximately September, January, June). If something is added or discarded in the interim, records will be updated to reflect those changes. The CTE Principal will also work with the teachers to create appropriate student assignments to assist with inventory processes as a hands-on learning experience.

3. Observation

Chemicals are kept in an unsecured cabinet in the workshop.

Recommendation

We recommend that all safety considerations be given to hazardous materials maintained by the BOCES. Access should be restricted, and storage should be deemed appropriate to mitigate risk for hazardous spills, fire or combustion. The Instructor and maintenance should be the only individuals with copies of the key.

Management Response

The CTE Principal will work with teachers and the CiTi BOCES' Safety & Risk team to ensure that everyone is aware of potential safety hazards and appropriate methods of storing chemicals. Necessary safety measures (i.e.: restricted access, lockable containers, etc.) will be implemented as warranted. Walkthroughs with the Safety & Risk team will be conducted by May 3, 2020, who will be asked to provide written recommendations which will be reviewed and implemented before the end of the 2020-21 school year.

ATTACHMENT A

Auto Technology Narrative:

During the walkthrough B&Co. noted the following:

- Computers in classroom were locked up. The Instructor is the only one that has a key on a keychain that is in his pocket all day long.
- Supply cabinet in classroom was unlocked. The Instructor and maintenance have the keys.
- During the winter when the Instructor is in the classroom he leaves the cabinet unlocked but during the summer months when the classroom is used by other Instructors, the cabinet remains locked allowing him to control who has access to pens, paper, and school supplies.
- The door to the classroom is left unlocked if unattended by the teacher. The door to the auto garage is locked at all times except when the Instructor and students are working in the garage. A student is allowed to have five tools at one time. In the past, the Instructor used to have a system where all of the tools were tagged and the students were given tags with a number that corresponded to the number on the borrowed tool. This was due to a large volume of students ranging from 24-30. With COVID and many students are choosing to attend classes virtually and the number of students has dropped to 5-8 making the tagging system not necessary and the Instructor simply observes the students returning the tools.
- Tools may not be borrowed overnight
- There is an 8-foot fence door surrounded by three concrete walls that contains a mixture of bought and donated wrenches, toolboxes, and overflow tools that is locked at all times. The Instructor is the only one with access to the key. The key is not given to substitute teachers.
- The Instructor is able to tell if a tool is missing once all tools are returned to their original places as each tool is hung up on a nail in the closet. An open space would indicate a missing tool.
- The small parts such as nuts and bolts are in a part of the auto garage where the students are to ask permission to grab a tool from that area. The nuts and bolts are not locked up. In addition, not all toolboxes are locked up. However, the Instructor indicated that the tools within the unlocked toolboxes are inexpensive.
- There are not any cameras within the classroom or auto garage due to privacy rules. However, there are cameras out in the hallway and outside the garage. The door to the garage can only be exited, not entered.
- The auto garage had three cars on lifts within. There were four cars outside that were also donated for the students to practice on.
- Chemicals were locked up.
- Safety-Kleen, a company CiTi BOCES leases equipment from comes in every three months to clean the parts of hazardous materials.
- The welding supplies cabinet was open as the Instructor. The Instructor indicated he had forgotten to lock up the cabinet the night before.
- Tire supplies totaling \$500 were in a cabinet always left unlocked as the students are constantly in and out of the cabinet.
- The most expensive item in the auto garage is the scan tool which costs \$10,000. There is only one of these items in the auto garage.
- Once a month the broken supplies are replaced. The Instructor takes inventory once a year, typically in June, to determine the supplies needed for the upcoming school year.
- For supplies above \$1,000 the Instructor is required to retrieve three estimates and go before the Advisory Committee. Supplies purchased are new models or those that have been broken. The Advisory Committee consists of five people that hold a meeting twice a year.
- Some supplies are used more frequently than others such as those for training purposes that are replenished as they are used, such as tape and wire.

Auto Technology Narrative (Continued):

- Computer programs, Safety-Kleen, and textbooks make up much of the budget. Prior to purchasing supplies, they go through many levels of approval. The expenditures are constantly compared to the budget.

Construction Technology Narrative:

During the walkthrough B&Co. noted the following:

- There is a door to the classroom which is always locked if the teacher is not in the room. Upon entering the room, there is another door to the workshop which is left unlocked as the outside door to the classroom is always locked when unoccupied.
- The only supplies locked up were fifteen newly purchased, and not yet used, cordless drills to be used when out at construction sites. These were purchased in bulk as the battery life of the current drills have been diminishing. The Instructor and maintenance are the only individuals with the key to this cabinet.
- The levels, tape measures, used cordless drills, hammers, etc. were stored in an unsecured manner, each tool hanging on a nail. The Instructor views which tools the students use and return to the designated spot on the wall. A missing tool would be noticed by an empty spot on the wall. The tools were grouped by type of tool and kept neatly together.
- Chemicals were in an unlocked supply cabinet.
- Wood was stacked in a corner of the room.
- The tape measures and levels break most often, and therefore are replaced the most frequently.
- The computers were put away and locked up with the Instructor and maintenance each having a copy of the key.
- The Instructor replenishes his stock twice a year. For supplies above \$1,000 the Instructor is required to retrieve three estimates and go before the Craft Committee.
- The most expensive tool in the workshop would be a \$2,000 saw.
- Tools are sometimes borrowed between classrooms, such as a ladder and then returned to its original classroom.
- Students are not allowed to borrow tools overnight.