

**Scarsdale Union Free School District**  
**Independent Accountant's Report On**  
**Applying Agreed-Upon Procedures**  
June 21, 2021



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**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

To the Board of Education and Audit Committee  
Scarsdale Union Free School District  
Scarsdale, New York

We have performed the procedures described in the following pages, which were agreed to by the Scarsdale Union Free School District (District), on the collection of receipts related to food service, credit cards and travel and conferences of the District during the period July 1, 2019 through December 31, 2020.

The District's management is responsible for administering these activities.

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in the following pages.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively on the District's collection of receipts related to food service, credit cards and travel and conferences. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We would like to express our appreciation for the cooperation and assistance that we received from the District's administration and other employees during our engagement.

This report is intended solely for the information and use of the District and is not intended to be and should not be used by anyone other than the specified parties.

*Cullen & Danowski, LLP*  
June 21, 2021

**SCARSDALE UNION FREE SCHOOL DISTRICT**  
**Report on Applying Agreed-Upon Procedures**  
For the Period Ended December 31, 2020

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**Introduction:**

This report is categorized by function (i.e., Collection of Receipts – Food Service, Credit Cards and Travel and Conferences), and there are five sections under each function consisting of:

- Background information
- Summary of the engagement
- Procedures performed during our detailed testwork
- Findings as a result of our review
- Recommendations to further strengthen internal controls or improve operational efficiency.

Some of the recommendations may require a reassignment of personnel duties within the District and/or a monetary investment. However, any enhancement of controls should be done after a careful cost-benefit analysis.

**Corrective Action Plan:**

Commissioner of Education Regulation §170.12(e)(4) requires that a corrective action plan (CAP), approved by the Board of Education, must be filed within 90 days of issuance with the New York State Education Department (NYSED).

The District should submit the CAP along with the respective Internal Audit Report via the NYSED Portal.

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**Report on Applying Agreed-Upon Procedures (Continued)**  
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**COLLECTION OF RECEIPTS – FOOD SERVICE**

**Background:**

Good business practice requires that the District establish and maintain adequate controls over receipts and deposits at the various locations which provide food service. These controls should ensure the completeness and accuracy of cash receipts, the safeguarding of funds collected, the timeliness of depositing funds into the bank and the retention of proper documentation supporting the receipts and deposits.

The District's food service program is overseen by the Food Service Director, who is an employee of the district, and is staffed by the employees of Chartwells, the food service company that the District has contracted with to provide meals to students and staff. The District utilizes three integrated software systems to facilitate operations: (1) Nutrikids system for the point of sale (POS) and revenue management activity, (2) Nutrislice system for online ordering of meals and (3) MySchoolBucks for managing prepaid accounts.

At the elementary schools, parents must order meals in advance online through the Nutrislice system; therefore, there are no orders taken at the school. Nutrislice provides nutrition information and allergy information for all products offered for parents to view online as part of the ordering process. Once parents have requested orders, Nutrislice confirms that there are sufficient funds in the student's MySchoolBucks account to cover the cost of the meals and the amount is deducted from the student's account. If there are insufficient funds, the request is denied until additional funds are added to the respective student's account utilizing MySchoolBucks. These order "tickets" are printed at each school for the specific meal ordered that day for each student. The tickets are separated by classroom and distributed to the students who have purchased meals. During lunch, the students present their ticket to the food service worker to fulfill their order. All tickets are sent over to the High School to be filed in the Food Service Director's office. If necessary, the Food Service Director is able to adjust a student's account if a credit or charge is needed. At the time of our fieldwork, there were no cash receipts activities taking place at the elementary schools and all collections were processed through MySchoolBucks.

The High School and Middle School allow for payments to be made on-site during lunch using either a MySchoolBucks account or cash. In addition, payments towards MySchoolBucks accounts can be made either online with a credit card, or in person with cash or a check. At the end of the day, each cashier counts their register and enters the amount into the POS system which is then uploaded to the Nutrikids Management system for the Food Service Director to review. All receipts collected by the food service workers are sealed in a bank bag with a completed bank deposit slip and then brought to the Bookkeeper in the Food Service Office at the High School by the District Courier. The Bookkeeper is able to view both the cashier's actual deposit and the sales recorded in the Nutrikids POS system. There are procedures that require the cashier to provide any explanation for any discrepancy greater than \$3 between the actual deposit amount and the sales amount recorded in the Nutrikids POS system. The deposits are stored in the safe in the cafeteria until the next day when the District Courier delivers the deposits to the bank and picks up the prior days deposit slips from the bank.

The Bookkeeper completes a daily deposit reconciliation form utilizing an Excel spreadsheet, entering the deposit for each register and comparing it to the Daily Register Reports from Nutrikids. Once the reconciliation is complete, the bookkeeper signs the form as the preparer and attaches copies of the deposit tickets. These reports are then sent to the Food Service Director, who reviews and signs off on the form and sends to the Accountant for review. The Accountant, who also has access to the Nutrikids system, performs an additional daily reconciliation to ensure that the amounts reported in Nutrikids match the amounts deposited to the bank. In addition, the Accountant reconciles the amounts prepaid through MySchoolBucks daily and performs a weekly reconciliation of the revenue reported in Nutrikids to the revenue entered into Compass, which is the financial reporting system utilized by Chartwells.

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**Summary:**

We note that the Food Service Director and the Business Office are very engaged and understand the need to have proper controls in place related to the collection of receipts and deposits of funds. Our procedures included observations at the High School and Middle School to review the procedures followed by the cashiers and other food service workers. This included visual inspections and walkthroughs of the closing process at the end of each lunch period. Based on our procedures, we found opportunities to strengthen internal controls and enhance operational improvements as outlined in the findings and recommendations sections below.

**Procedures:**

Our procedures related to the collection of receipts in the food service program, as per the engagement letter dated July 1, 2020, were as follows:

- Review Board policies and District procedures related to the collection of receipts (i.e., cash, checks, money orders and prepayments) related to food service.
- Interview personnel responsible for collection of receipts activities regarding policies, procedures and systems in effect and identify the strengths, weaknesses and key controls.
- Review food service collection of receipts activities during the period as follows:
  - Randomly select 25 daily receipts from each school during the period and ensure that the respective deposits were posted to the bank account accurately and timely.
  - Select 1 full week of receipts during the period and ensure that the receipts agree to the deposits.
- Perform a visual inspection of the cashier activities during lunch operations that includes the counting of funds and the closing procedures.

**Findings:**

Review of the Board policies and District procedures related to the collection of receipts (i.e., cash, checks, money orders and prepayments) in the food service program found:

- The District has Board policies related to the food service program and formal procedures related to key processes performed by the staff regarding the collection of receipts. However, we found that there is a lack of written, formal procedures to document the steps taken to complete these tasks, which is important in the event of absences or the retirement of the employees performing these duties.
- The District utilizes a web-based online program (MySchoolBucks) to allow online payments that are automatically applied to student accounts in the POS system. This online program also gives the parents/guardians the ability to view account balances, track their student's purchases, set-up low balance reminders and set-up automatic payments.
- There was an increase in the receipts activities during the 2018-19 year due to lunches being provided at the elementary schools starting that school year. However, there has been a significant decrease in receipts starting in March of 2020 as a result of the pandemic. This has resulted in the food service program operating with a sizable loss for the 2019-20 year and an expected operating loss for the 2020-21 year. We understand that the District is aware of this concern and the need to assess these operating losses.

Interviews with personnel responsible for collection of receipts activities noted:

- The staff with duties related to the collection of receipts demonstrated a positive attitude toward internal controls and we found that the District has established consistent procedures at the schools.

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- The Business Office staff and the Food Service personnel work collaboratively to properly track, record and report the cash activities of the food service program.
- The District Courier picks up the bank bags from the food service staff at the school cafeterias and delivers the bags to the Bookkeeper in the Food Service Office at the High School. However, we found that the District does not use a log to document the transfer of the bank bags from the food service staff to the District Courier.

Review of the food service collection of receipts activities during the period and the randomly selected 25 daily deposits from the schools and the selection of 1 full week of receipts found:

- All of the selected receipts and their related supporting documentation were reviewed and reconciled by the Accountant. Our review of these documents, which included a recalculation of the Accountants reconciliation, found the amounts to be accurate and the related documentation to be complete.
- All of the selected daily deposit reconciliations prepared by the cashiers were signed by both the employee responsible for preparing the reconciliation (typically the Head Chef or Food Service Manager) and the Director of Food Service who reviews the reconciliation prior to its submission to the Accountant in the Districts Business Office.
- All amounts listed on the daily deposit reconciliations agreed with the daily bank deposit slips as well as the amounts listed on the individual Nutrikids Point of Sale reports for each location. In addition, all bank deposit slips were signed by the staff responsible for its preparation.
- All receipts were recorded timely and accurately into the proper General Ledger accounts in the District's SMARTS financial system.
- There were 3 instances at the High School during the 2020-21 school year where the number of days between the date of sales and the deposit date in the bank was 5 or more days when the High School was open (i.e., days counted excludes weekends and holidays).

Performing the visual inspection of the cashier activities during lunch operations noted:

- There are adequate controls to maintain and safeguard the food service program's receipts.
- The POS system is set up to prevent the cashiers from viewing the sales information during the closing process which is known as a "blind" close. This is a strong internal control because the cashiers are unaware of the amount of sales recorded in the POS system and the POS system prevents cashiers from posting any transactions once they enter the cash on-hand amount when closing out the POS terminal.

**Recommendations:**

We recommend that the District consider implementing the following items to further improve internal controls and operational efficiencies related to the collection of receipts related to food service:

1. Develop written, formal procedures to document the key processes that are performed by the staff regarding the collection of receipts related to food service. This would establish consistent and standard processes in the District and facilitate the transition when employees retire, transfer, separate or take a leave of absence from the District.
2. Continue with efforts to address the operating losses and perform an analysis of the food service program to determine ways to improve the financial results of the operations with the goal of being sustainable following the current negative impacts of the pandemic.
3. Establish procedures to use a standard log at all cafeterias for the District Courier to initial along with the date and time whenever a bank bag is collected from a food services employee.

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4. Develop procedures to improve the timeliness of the food service receipts being deposited into the bank.

**CREDIT CARDS**

**Background:**

Good business practice requires that the District establish proper segregation of duties and adequate controls over the credit cards activities. These controls should ensure the completeness, appropriateness and accuracy related to all credit card transactions.

The District has 3 credit cards issued through the Bank of America. These District credit cards are in the titles and possession of the following 3 titles: the Superintendent, the Assistant Superintendent of Business and Operations and the District Clerk. In accordance with *Board Policy # 6840 – Credit Card Use*, the credit cards held by the Assistant Superintendent of Business and Operations and the District Clerk are issued and authorized by the Superintendent, whereas the credit card held by the Superintendent is authorized by the Board.

The Board policies and District procedures require that any District official who uses a credit card shall submit a detailed receipt to support the purchases made with such cards. Every month the credit card statements are mailed to a designated clerical employee in each of the 3 departments. These employees are responsible for matching each receipt to their respective credit card statement and uploading all of the supporting documents into the SMARTS Financial System. Once all the supporting documentation has been reviewed and uploaded by the clerical employee, the Accounts Payable Clerk performs a detailed reconciliation to ensure that each receipt agrees to the credit card statement then processes the monthly payments related to the credit card statements.

**Summary:**

We found that the District has proper segregation of duties and formal procedures related to credit cards. The results of our interviews, testing of transactions and reviews of documents have found that the credit card activities are handled, recorded and approved timely, accurately and appropriately. Based on the results of our review of procedures, interviews with personnel, review of credit card activity for the period and review of the selected 4 months of credit card statements, we found some opportunities to further improve internal controls and operational efficiencies related to credit cards, as noted below.

**Procedures:**

Our procedures related to credit cards, as per the engagement letter dated July 1, 2020, were as follows:

- Review Board policies and District procedures related to credit cards.
- Interview personnel regarding policies, procedures and systems in effect related to the credit card activities. Document the internal controls and procedures related to the credit card activities.
- Review credit card activity for the period and select 4 months for each credit card to review the supporting documentation for each purchase for completeness, authorization, approval and accuracy.

**Findings:**

Review of the Board policies and District's procedures related to credit cards found:

- The District has *Board Policy #6840 - Credit Card Use* that details the authorization for use and includes the following language:

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- Certain District employees may use a District credit card to assist with their job responsibilities. Credit cards will be used prudently and only for official business.
- Credit cards will be used only to pay for an actual, necessary expense that would be reimbursable under District policy. Individuals authorized to use District credit cards shall agree in writing to accept financial responsibility for any inappropriate expenses they incur.
- *Board Policy #6840 - Credit Card Use* states that “The District shall establish a credit card line for any such card not to exceed \$2,500 for any employee.” However, we found that all three of the credit card accounts exceeded this limit (i.e., Assistant Superintendent for Business and Facilities: \$25,000 limit; Superintendent: \$5,000 limit; and District Clerk: \$5,000 limit).
- *Board Policy #6840 - Credit Card Use* states that “The superintendent will report annually to the Board the job titles that hold a District credit card.” However, our review of the Annual Reorganization Meeting minutes dated July 7, 2020 found that such a report was excluded from those minutes.
- There are standard procedures to review and approve the credit card transactions included in the monthly statements prior to processing these payments in the Accounts Payable Department.

Interviews with personnel and documenting the internal controls regarding policies, procedures and systems in effect related to the credit card activities noted:

- The employees responsible for reviewing and approving the credit card statements and the receipts related to the credit card purchases have standard procedures to complete these tasks and are also responsible for maintaining the documentation to support these purchases.

Review of the credit card activity for the period and the selected 4 months for each credit card to review the supporting documentation found:

- There was 1 instance where a credit card statement was not signed by the administrator responsible for the review and approval of such statement that occurred during the school closure on March 27, 2020.
- There were 5 instances where the supporting documentation for purchases using a credit card, which were proper business related expenditures, were not included with the credit card statement. Further review noted that 2 of these instances occurred during the school closure on March 27, 2020.

**Recommendations:**

We recommend that the District consider implementing the following items to further improve internal controls and operational efficiencies related to credit cards:

5. Assess the credit limits of all 3 credit cards to ensure that the *Board Policy #6840 - Credit Card Use* limit aligns with the actual credit card limits by revising the Board policy and/or changing the credit card limits with the respective bank.
6. Establish procedures to have the Superintendent report annually to the Board the job titles that hold a District credit card as part of the Annual Reorganization Meeting in in compliance with *Board Policy #6840 - Credit Card Use*.
7. Develop procedures to ensure that the proper documentation is maintained with the voucher packet to support all purchases made using the District’s credit cards. In addition, these procedures should include an explanation stating the reason or purpose of each purchase using a credit card.



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**TRAVEL AND CONFERENCES**

**Background:**

Good business practice requires that the District establish proper segregation of duties and adequate controls over the activities related to the approvals and reimbursements for travel and conferences. These controls should ensure the completeness, appropriateness and accuracy related to the travel and conferences transactions.

The District employees and Board members are often times required to travel and attend conferences in order to properly perform their duties or maintain their professional certifications (e.g., all certified staff need to maintain their credentials current). The District is responsible for reimbursing the employees and Board members for the costs related to these travel and conferences activities.

The District uses the Frontline Professional Growth system to facilitate the approval process for the employees' travel and conference requests. When an employee is required to travel or attend a conference, the employee enters the request into Professional Growth, including an estimate for any costs that will be incurred and whether or not their absence will require staff coverage while attending the conference. Once the request has been submitted, it is systematically routed to the appropriate administrator for review and approval within the Professional Growth system. Following the final preapproval, the Professional Growth system alerts the designated clerical employee in the respective department to create a purchase order for the budgeted amount and the system prompts a request for the employee's position to be covered during their absence, if necessary.

After completing the travel and conference, the employee is responsible for marking the event complete and entering the actual amounts into Professional Growth and uploading the receipts to support the amounts that were entered into the system. Once the event is marked complete, the form is then routed systematically to the appropriate budget line approver to review and approve the payment to reimburse the employee. If there are any discrepancies found during the review process, the form is returned systematically to the employee to resolve such discrepancy. After all of the information and documentation has been approved by the Assistant Superintendent for Business and Operations, the secretary to the Assistant Superintendent for Business and Operations forwards all of the supporting documentation to the Accounts Payable Clerk to process the reimbursement and upload the documentation into the SMARTS financial system.

**Summary:**

We found that the District has proper segregation of duties and formal procedures related to travel and conferences. Based on the results of our interviews, testing of transactions and reviews of documents, we found that these activities are handled, recorded and approved timely, accurately and appropriately except for the findings noted below.

**Procedures:**

Our procedures related to travel and conferences, as per the engagement letter dated July 1, 2020, were as follows:

- Review Board policies and District procedures related to travel and conferences.
- Interview personnel regarding policies, procedures and systems in effect related to travel and conferences. Document the internal controls and procedures related to travel and conferences.

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- Review travel and conferences activity for the period and randomly select 30 reimbursements to ensure proper documentation, preapproval authorizations, accuracy of amounts, timeliness of transactions and expenditures charged to the appropriate budget account codes.

**Findings:**

Review of the Board policies and District's procedures related to travel and conferences found:

- The District has *Board Policy #2150 – Board Member Reimbursement for Expenses* and *Board Policy #6830 – Expense Reimbursement for Meetings and Conferences* that relate to the reimbursements for travel, meetings and conferences. In addition, the District has formal procedures related to these activities that includes the preapproval of the event, entering required information, providing proper supporting documentation, reviewing and approving the event and the reimbursement processes.

Interviews with personnel and documenting the internal controls noted:

- The employee responsible for maintaining the data and user privileges within the Frontline software has an in-depth understanding of the policies, procedures and systems in effect related to travel and conferences reimbursements.
- There are strong internal controls and procedures related to travel and conferences that includes the use of the District's *Frontline Professional Growth* system. This software facilitates the request, prior approval, and final approval processes through a detailed routing process. This applications integration with other software utilized by the District (e.g., AESOP, SMARTS, etc.) further strengthens the controls for this area.
- The review of the active user accounts in the *Frontline Professional Growth* system found 18 instances where the users were not included in the SMARTS list of active employees at the time of our review. Thus, these user accounts should have been inactivated when the employee separated from the District.

Review of the travel and conferences activity for the period and the randomly selected 30 reimbursements found:

- There was 1 instance where the supporting documentation only included an Employee Reimbursement Form that was signed by the employee and an email sent during September of 2020 from a Sr. Account Clerk to the Accounts Payable Clerk, requesting the closure of multiple PO's that were from the prior year. It does not appear that this was approved through Frontline and there was no map included showing the calculation of mileage as found in other similar reimbursements.
- There was 1 instance where the supporting documentation did not include a map or any other documentation to support the calculation of mileage or the receipts for parking.
- There was 1 instance where an employee submitted their Conference Request Form through Frontline on 9/8/2020 for a conference on 9/30/2020 and 10/1/2020. However, the employee registered and paid for the conference on 9/7/2020, which was before submitting their request. Although the employee submitted the form over three weeks prior to the date of the conference, the preapprovals were not completed until 10/14/2020 with the first approval on 10/9/2020.
- There was 1 instance where the supporting documentation did not include a receipt for parking and the final approval by a senior administrator was listed as pending on the scanned Frontline Completion Form. Although the scanned in map used for calculating mileage shows the correct ending location (i.e., Teachers College at Columbia) and the map appears to show Scarsdale as the starting location, the actual addresses for both locations are not shown. It also appears that the employee did not subtract their regular commute from their mileage reimbursement calculation.

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- There was 1 instance where the purchase order date was after the conference date that a Board member attended. In addition, the Travel Expense Statement did not have any signatures or approval dates, but there was a text document filed with the supporting documents in the SMARTS financial system stating "Details submitted to the Business Office for approval." There was also no receipt included with the supporting documentation for a "Bike Share to the convention" reimbursement of \$9.99. *Board Policy #2150 – Board Member Reimbursement for Expenses* states that "All bills or claims for reimbursement must be itemized in reasonable detail and submitted on the District's expense reimbursement claim form consistent with the District's expense reimbursement policy" to submit receipts for all expenses
- There was 1 instance where the only supporting documentation found was a scanned purchase order that was stamped "Scanned 8/19/2020" and an "Invoice Payment Approval" stamp that appears to be the payee for the transaction. The budget code that was used is the travel code for Fox Meadow. However, the description of the expense listed on the purchase order was "To open petty cash for the 2020-2021 School Year per *Board Policy #6670 – Petty Cash/Petty Cash Accounts.*" In addition, the limit for petty cash funds is \$100 per Commission Regulation (CR) §170.4(c).

**Recommendations:**

We recommend that the District consider implementing the following items to further improve internal controls and operational efficiencies related to travel and conferences:

8. Develop procedures to ensure that the user accounts in the *Frontline Professional Growth* system are inactivated in a timely manner when an employee separates from the District.
9. Strengthen procedures related to the user accounts in the *Frontline Professional Growth* system (as well as other systems) by performing an annual reconciliation of all users to the SMARTS list of active staff.
10. Develop procedures related to travel and conference reimbursements to ensure that the proper documentation has been uploaded into the SMARTS financial system to appropriately support these transactions.

