Regular Meeting of the Board of Education

Bradley Elementary School Library

Tuesday, February 23, 2016 - 7:00 p.m.

AGENDA

1. Call to Order
2. Pledge of Allegiance
3. Recognition of Visitors and Delegations
   - Presentation on Capital Improvement Project - Mary Mandel
4. Approval of Minutes - Regular Meeting of 2/2/16
5. Correspondence and Communications
6. Board Committee Reports
   - Buildings, Grounds & Transportation Committee - 1/14/16 & 1/28/16
   - Budget & Finance - 1/20/16
   - Audit Committee - 1/20/16
   - Staffing & Curriculum Committee - 2/9/16
   - Policy Committee - 2/9/15
7. New Business
   A. Personnel
      1. Retirement Resignation/Resignation
         a. It is recommended that the retirement resignation of Jeannine Pugliano from the position of DP Aide be accepted, with deep regret, effective July 1, 2016.
         b. It is recommended that the resignation of Trisha Peckham from the position of Teacher Assistant be accepted, effective February 26, 2016.
7. New Business – Personnel (cont’d.)

2. Appointments

a. Permanent Substitute Library Media Specialist

Upon the recommendation of Robert J. Nole, Superintendent of Schools, Rachel Culyer is hereby appointed to the position of Permanent Substitute Library Media Specialist. The service shall begin on February 24, 2016 and end on June 30, 2016, pursuant to the agreement with the collective bargaining unit. The appointee is certified (initial) in Early Childhood Education (B-2), Childhood Education (1-6) and Literacy (B-6).

b. Substitute Teacher List

It is recommended that the following be appointed to the per diem substitute teacher list, pending satisfactory clearance for employment by the State Education Department:

<table>
<thead>
<tr>
<th>Name</th>
<th>Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bradley Kowalczyk</td>
<td>Uncertified</td>
</tr>
<tr>
<td>Megan Crowley</td>
<td>Early Childhood (B-2) &amp; Childhood Ed. (1-6)</td>
</tr>
</tbody>
</table>

c. Assistant Department Chair

1. It is recommended that June Leonard be appointed to the position of Assistant Math Department Chair, effective July 1, 2016 through June 30, 2021.

2. It is recommended that Justin Spanneut be appointed to the position of Assistant Science Department Chair, effective July 1, 2016 through June 30, 2021.
7. New Business – Personnel – Appointments (cont’d.)

d. Coaches

It is recommended that the following coaches be appointed for the spring 2016 sports season:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position/Sport</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Randall</td>
<td>Head/Modified Baseball</td>
</tr>
<tr>
<td>Olivia Deck</td>
<td>Head/JV Softball</td>
</tr>
<tr>
<td>Margaret Kemp</td>
<td>Head/Modified Track - Girls</td>
</tr>
<tr>
<td>Lori Hunt</td>
<td>Asst./Modified Track - Girls</td>
</tr>
<tr>
<td>Michael Delia</td>
<td>Asst./Varsity Lacrosse – Girls</td>
</tr>
</tbody>
</table>

e. Substitute Bus Driver

1. It is recommended that David Whitman be appointed to the position of substitute bus driver, effective February 24, 2016, pending satisfactory clearance for employment by the State Education Department.

2. It is recommended that Linda Seufert be appointed to the position of substitute bus driver, effective February 24, 2016, pending satisfactory clearance for employment by the State Education Department.

B. Ice Control Agreement

It is recommended that the Board of Education adopt the Ice Control Agreement with the Town of New Hartford for the period of November 1, 2015 through October 31, 2016.

C. Recreation Center Agreement

It is recommended that the Board of Education adopt the Recreation Center Agreement with the Town of New Hartford for the period of November 9, 2015 through March 13, 2016.
7. New Business (cont'd.)

D. **State Environmental Quality Review Act (SEQRA)**

   It is recommended that the Board of Education approve the State Environmental Quality Review Act (SEQRA) resolution as reviewed by the Buildings, Grounds & Transportation Committee.

E. **Resolution for the Certification of Lead Evaluator of Teachers**

   WHEREAS, the Board of Education has been provided evidence that Richard Hunt has completed training which meets the requirements of the Regents Rules and the New Hartford Central School District Annual Professional Performance Review Plan for certification as a Lead Evaluator of teachers, therefore

   BE IT RESOLVED, that, upon the recommendation of the superintendent of schools, Richard Hunt be certified as a Lead Evaluator of teachers.

F. **Amendment to Agreement**

   It is recommended that the Amendment to the Employment Agreement between the Board of Education of the New Hartford Central School District and Superintendent Robert Nole be approved.

G. **Resolution of Condolence**

   "The Board of Education of the New Hartford Central School District records with sorrow the passing of school bus driver Charles Danyew.

   RESOLVED, that the Board of Education express its sincere sympathy to the family of Charles Danyew and that this resolution be spread upon the records of the district and a copy sent to the family."

H. **Committee on Pre-School Special Education (CPSE)**

   The recommendations from the Committee on Pre-School Special Education’s meetings of January 15, 2016 (2), January 22, 2016 (1) and February 5, 2016 (6) are presented for approval.
7. New Business (cont'd.)

I. Committee on Special Education (CSE)

The recommendations from the Committee on Special Education's meetings of January 15, 2016 (1), January 26, 2016 (5), February 2, 2016 (1), February 5, 2016 (2), February 9, 2016 (2), and February 10, 2016 (1) are presented for approval.

J. 504 Committee

The recommendation from the 504 Committee’s meeting of February 2, 2016 (1) is presented for approval.

8. Other Business

A. Legislative Update and Ongoing Board Strategy

B. School Board Evaluation

9. Adjournment
Regular Meeting of the Board of Education
Bradley Elementary School Library
Tuesday, February 2, 2016
7:00 P.M.

MEMBERS PRESENT:  Mrs. Coombs, Mr. Flemma, Mr. Jadhon (arrived at 7:27 p.m.), Mrs. King, Mrs. Philipson, Mr. Piotrowski

EXCUSED:  Mr. Stephens

OTHERS PRESENT:  Mr. Nole, Mr. Hyde, Mrs. Mandel, Mrs. Heil

The meeting was called to order at 7:00 p.m. by Board of Education President, Mr. Piotrowski.

Pledge of Allegiance

Moment of Silence:

Mr. Piotrowski asked those present to remain standing for a moment of silence for the recent passing of former student, Josh Zbytniewski and for the recovery of former student Seth Luscomb.

Recognition of Visitors and Delegations

No one wished to address the Board.

Approval of Minutes

Mrs. Coombs moved and Mrs. King seconded that the minutes of the Regular Meeting of January 12, 2016 be approved.

Ayes 5, nays 0, motion carried.

Mrs. Coombs moved and Mrs. King seconded that the minutes of the Special Meeting of January 26, 2016 be approved.

Ayes 5, nays 0, motion carried.

Correspondence and Communications

Mr. Nole distributed correspondence from Oneida-Herkimer-Madison BOCES regarding their April 6, 2016 Annual Meeting. He also distributed information regarding the April 19, 2016 meeting dates for component districts to elect BOCES Board members and to vote on the BOCES tentative administrative budget.
Regular Meeting of the Board of Education

February 2, 2016

Draft

Board Committee Reports

Staffing & Curriculum – 1/14/16

Ms. Philipson reported: The committee received proposed course changes for 2016-2017 which include a new Advanced Placement Course in Computer Science A and in Studio Art. The committee received the Math Department report as well as the Counseling Department report. The committee also received the extra-curricular activity participation reports. Mrs. Philipson provided highlights of those reports to the Board. The Staffing & Curriculum Committee also discussed the pace of curriculum delivery.

New Business

A. Personnel

1. Retirement Resignations

a. Mrs. Coombs moved and Mrs. King seconded that the retirement resignation of Sherri Bauer from the position of Teacher Assistant be accepted, with deep regret, effective July 1, 2016.

   Ayes 5, nays 0, motion carried.

b. Mr. Flemma moved and Mrs. King seconded that the retirement resignation of Margaret Weber from the positions of Business Education Teacher and Occupational Education Department Chairperson be accepted, with deep regret, effective July 1, 2016.

   Ayes 5, nays 0 motion carried.

2. Appointments

a. Substitute Teacher List

   Mrs. Coombs moved and Mrs. Philipson seconded that the following be appointed to the per diem substitute teacher list, pending satisfactory clearance for employment by the State Education Department:
DRAFT

Name: Certification:

Mark Petell Uncertified
Jessica Nackley Uncertified
James Futscher Uncertified

Ayes 5, nays 0, motion carried.

b. Choreographer – Masque

Mrs. King moved and Mr. Flemma seconded that Michelle Grimmer be appointed to the position of choreographer for the spring 2016 Masque musical performance.

Ayes 5, nays 0, motion carried.

c. Coaches

Mrs. King moved and Mrs. Philipson seconded that the following coaches be appointed for the spring 2016 sports season

<table>
<thead>
<tr>
<th>Name</th>
<th>Sport/Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Tesak</td>
<td>Head – Girls’ Varsity/JV Lacrosse</td>
</tr>
<tr>
<td>John Cunningham</td>
<td>Head – Varsity Softball</td>
</tr>
</tbody>
</table>

Ayes 5, nays 0, motion carried.

d. Temporary School Monitor

Mrs. Coombs moved and Mr. Flemma seconded that Bonnie Murling be appointed to the position of temporary school monitor, effective February 3, 2016 through March 17, 2016.

Ayes 5, nays 0, motion carried.
e. Substitute School Bus Attendant

1. Mrs. King moved and Mrs. Philipson seconded that Cheryl Calenda be appointed to the position of substitute school bus attendant, effective February 3, 2016.

Ayes 5, nays 0, motion carried.

2. Mrs. King moved and Mr. Flemma seconded that Heather O'Donnell be appointed to the position of substitute school bus attendant, effective February 3, 2016.

Ayes 5, nays 0, motion carried.

f. Substitute School Nurse

1. Mr. Flemma moved and Mrs. Coombs seconded that Kim Sullivan be appointed to the position of substitute school nurse, effective February 3, 2016, pending satisfactory clearance for employment by the State Education Department.

Ayes 5, nays 0, motion carried.

2. Mrs. King moved and Mrs. Philipson seconded that Tanya Brennan be appointed to the position of substitute school nurse, effective February 3, 2016, pending satisfactory clearance for employment by the State Education Department.

Ayes, 5, nays 0, motion carried.

g. Substitute Bus Driver

1. Mrs. King moved and Mr. Flemma seconded that Heather Thomas be appointed to the position of substitute bus driver, effective February 3, 2016, pending satisfactory clearance for employment by the State Education Department.

Ayes 5, nays 0, motion carried.
2. Mrs. King moved and Mr. Flemma seconded that Vincent Delmastro be appointed to the position of substitute bus driver, effective February 3, 2016, pending satisfactory clearance for employment by the State Education Department.

Ayes 5, nays 0, motion carried.

B. Treasurer's Report

Mrs. Coombs moved and Mrs. King seconded that the December 31, 2015 Treasurer's Report be accepted.

Ayes 5, nays 0, motion carried.

C. Budget Transfers

Mrs. King moved and Mrs. Coombs seconded that the December 31, 2015 Budget Transfers be approved.

Ayes 5, nays 0, motion carried.

D. Extra-Classroom Activity Fund Treasurer's Report

Mrs. King moved and Mr. Flemma seconded that the December 31, 2015 Extra-Classroom Activity Fund Treasurer's Report be accepted.

Ayes 5, nays 0, motion carried.

E. Resolution of Condolence

Mrs. Coombs moved and Mrs. Philipson seconded that the following resolution be adopted:

“The Board of Education of the New Hartford Central School District records with sorrow the passing of former school bus driver Norman Toukaly.

RESOLVED, that the Board of Education express its sincere sympathy to the family of Norman Toukaly and that this resolution be spread upon the records of the district and a copy sent to the family.”

Ayes 5, nays 0, motion carried.
F. Committee on Pre-School Special Education (CPSE)

Mrs. Coombs moved and Mrs. King seconded that the recommendations from the Committee on Pre-School Special Education's meetings of January 8, 2016 (2) be approved.

Ayes 5, nays 0, motion carried.

G. Committee on Special Education (CSE)

Mrs. Coombs moved and Mrs. Philipson seconded that the recommendations from the Committee on Special Education's meeting of January 12, 2016 (4) be approved.

Ayes 4, nays 0, abstain 1 (Mr. Flemma), motion carried.

H. 504 Committee

Mrs. Philipson moved and Mrs. King seconded that the recommendation from the 504 Committee's meeting of January 12, 2016 (1) be approved.

Ayes 4, nays 0, abstain 1 (Mr. Flemma), motion carried.

Other Business

- Legislative Update and Ongoing Board Strategy

Mrs. Mandel provided the Board with an overview of the Governor's proposal.

Executive Session

Mrs. Coombs moved and Mrs. Philipson seconded that the Board enter into Executive Session at 7:34 p.m. for the purpose of discussing collective negotiations with the New Hartford Administrators' Association.

Ayes 6, nays 0, motion carried.

The Board unanimously agreed to go out of Executive Session at 7:53 p.m.
Adjournment

Mrs. Coombs moved and Mrs. Philipson seconded that the meeting be adjourned at 7:54 p.m.

Ayes 6, nays 0, motion carried.

Respectfully submitted,

Betty Heil, Clerk
NEW HARTFORD CENTRAL SCHOOL DISTRICT
BUILDINGS, GROUNDS AND
TRANSPORTATION COMMITTEE

Minutes
January 14, 2016

Members Present:
Mr. Ed Flemma, Chair
Mrs. Beth Coombs
Mr. Jim Stephens

Others Present:
Mrs. Mary Mandel
Mr. Robert Nole
Mr. Andy Morgan
Mr. Peter Gagliano
Mr. Paul Piotrowski
Mr. Chris Crolius

Mr. Flemma called the meeting to order at 12:00 p.m.

Review Town of New Hartford Agreements: Salt and Sand/Recreation Center:
Mrs. Mandel reviewed the Salt and Sand and Recreation Center annual agreements with the Town of New Hartford. The salt and sand is purchased by the town off of the New York State contract. We are billed based on our actual usage of the product therefore our expense varies each year. The Recreation Center rental fee has a nominal 2% increase from the $116.50 per hour to $119.00 per hour. The locker room fee has remained the same. The Buildings, Grounds and Transportation Committee recommend both agreements to be presented for Board of Education approval.

Bus Proposition 2016-2017 Budget:
Mr. Gagliano presented the bus replacement proposal for 2016-2017. This was followed by a committee discussion on the bus replacement schedule including financial planning and state aid associated with bus purchasing. Mrs. Mandel indicated that the buses are on a ten to eleven year replacement cycle. Mr. Gagliano indicated that there has been a decrease in the trade-in values allowed for the retired buses; therefore, he will continue to explore alternative options for the sale of the vehicles such as Auctions International. This proposition is recommended for approval by the Board of Education.

Operations and Maintenance Equipment Requests 2016-2017:
Mr. Morgan presented an analysis of the Buildings and Grounds Equipment Replacement Costs reviewing replacement values and the associated life cycle expectancies of the equipment. In addition he presented an update of the department’s current motor vehicle and grounds equipment inventory and condition report. The document demonstrated the annual expenditure needed to support an average blended life expectancy of 9.5 to 12.5 years respectively, for both vehicles and equipment. Mrs. Mandel and Mr. Morgan discussed with the committee future equipment trade-ins and sales, proposed vehicle purchases, upgrades, and replacement of equipment including use of retired transportation vehicles.
Long Range Plans/Proposed Capital Project:
Mrs. Mandel provided an overview of the process and planning stages leading up to this capital project proposal including recommendations made by the Facilities Advisory Committee. The facilities advisory report, a proposed capital facilities project recommendation including preliminary project estimates for two propositions; buildings and site renovations; technology upgrades; new transportation facility; and estimated financial impact reports were distributed and presented by Mrs. Mandel.

She distributed the Facilities Advisory Committee report from December 2013 that was provided to the Board of Education for approval of Long Range Facilities plan on February 4, 2014.

A proposed capital project scope, itemized list by district location and pros and cons of transportation facility site locations, was provided and reviewed in detail. A discussion and question and answer session regarding the proposed transportation facility, site work at Perry Junior High proposed park area and Senior High cafeteria/kitchen upgrade ensued. It was requested that further review of these areas be completed and reviewed at the next Buildings, Grounds and Transportation Committee meeting.

Necessary SEQRA (State Environmental Quality Review Act) resolution types and timeline for required approval was explained by Mrs. Mandel. It was stated there will need to be a special Buildings, Grounds and Transportation Committee meeting prior to February 2016 for direction on project scope.

Adjourned:
The regular meeting was adjourned at 1:45 p.m.
NEW HARTFORD CENTRAL SCHOOL DISTRICT
BUILDINGS, GROUNDS AND
TRANSPORTATION COMMITTEE
MINUTES

January 28, 2016

Members Present: Mr. Ed Flemma, Chair
                  Mrs. Beth Coombs

Others Present:  Mrs. Mary Mandel
                  Mr. Robert Nole
                  Mr. Andy Morgan
                  Mr. Peter Gagliano
                  Mr. Paul Piotrowski
                  Mrs. Pam King
                  Mr. Chris Crolius

Mr. Flemma called the meeting to order at 12:00 p.m.

**Long Range Plans/Proposed Capital Project:**
Mrs. Mandel distributed a detailed proposed capital project scope that included an itemized list of proposed upgrades, why these items were chosen and necessary to be addressed in this project, and a detailed report outlining the transportation facility proposal. Detailed discussion regarding the cafeteria expansion and kitchen upgrade including input from the District’s architect that the kitchen equipment and set up is at the end of its useful life, more welcoming inviting space, ability to use the space for multiple purposes and instruction, ability to seat all high school students if necessary, etc. The committee recommended the administrators and architects proceed with the infrastructure and items other than the bus garage and park at Perry. The committee determined that the bus garage needs further analysis of alternate site location options, therefore should be tabled until the next capital project. This was also the determination for the park at Perry Junior High due to pending litigation.

The architects and financial planners will present an overview of the updated project scope and its financial impact at the February 23, 2016 Board of Education meeting. A Type II SEQRA (State Environmental Quality Review Act) with no environmental impact is all that is required now that the bus garage is tabled for future review. Therefore, Attorney Heinrich will provide a SEQRA resolution for approval at the February 23, 2016 Board of Education meeting.

**Adjourned:**
The meeting was adjourned at 1:00 p.m.

The next Buildings, Grounds and Transportation Committee meeting will be Thursday, March 10, 2016 at noon in the District Conference Room.
New Hartford Central School District
Budget and Finance Committee
Minutes
January 20, 2016

Members Present: 
Mrs. Beth Coombs, Chair
Mr. John Jadhon
Mrs. Pam King

Others Present: 
Mr. Robert J. Nole
Mrs. Mary Mandel
Mr. Mazzei, Resident

Call to Order: Mrs. Coombs called the meeting to order at 12:32 p.m.

Review Veteran’s Tax Exemption:
The committee reviewed and discussed the Veteran’s Tax Exemption legislation. This legislation was opposed by the New York State School Board Association. While recognizing that the veterans are deserving of respect and gratitude, the New York State School Board Association is concerned that this shifts the burden onto other local taxpayers and potentially reduces the STAR reimbursement that schools receive from New York State. Also, since there is no income limit on those who receive the exemption, providing this benefit increases the property taxes for the others in the community (including those on fixed incomes, unemployed, or with disabilities.) The estimated increase in tax rate for other, non-veteran taxpayers in this District would be 1.33%. The committee is recommending that no further action be taken on this exemption.

Adjournment:
The meeting was adjourned at 1:00 p.m.
NEW HARTFORD CENTRAL SCHOOL DISTRICT
AUDIT COMMITTEE
MINUTES

January 20, 2016

RECEIVED
FEB 10 2016

Members Present:  Mrs. Beth Coombs, Chair
                 Mr. John Jadhon
                 Mrs. Pam King

Others Present:   Mr. Robert J. Nole
                 Mrs. Mary Mandel
                 Mrs. Kimberly Hibbard
                 Mr. Ken Ziobrowski, Questar II BOCES

Call to Order:  Mrs. Coombs called the meeting to order at 12:05 p.m.

Review Internal Audit Report:
Mr. Ken Ziobrowski, Internal Auditor from Questar III BOCES, reviewed the scope of work,
audit objectives and his observations/recommendations on the special Education audit. He
reviewed new procedures that Mr. Allam can incorporate into his calculations for reporting high
cost students. He indicated that his overall findings were immaterial and typical with other
districts that he audits around the state. Corrective actions implemented upon completion of the
audit. He reported that the team was impressed with the overall condition of the district’s fiscal
and internal control operations. Mr. Ziobrowski also reviewed the internal audit risk assessment
procedures.

Adjournment:
The meeting was adjourned at 12:32 p.m.
January 20, 2016

Board of Education
New Hartford Central School District
33 Oxford Road
New Hartford, New York 13413

We have completed the annual testing of controls for the New Hartford Central School District. One of the requirements of the 2005 School Financial Oversight and Accountability legislation is ongoing testing and evaluation of the District’s internal controls. Our engagement was designed to evaluate the adequacy of internal controls over Special Education to ensure they are appropriately designed and operating effectively and efficiently. And, to provide a report with recommended changes for strengthening controls and reducing identified risks.

The purpose of the audit was to review the internal controls that the District has in place to prevent errors, detect fraud and ensure that financial reporting is accurate and that the District assets are safeguarded.

RELIABILITY OF INFORMATION

In performing our engagement, we obtained a sample from the population of transactions to test the accuracy and reliability of information provided by District personnel.

As noted, the purpose of our engagement was to assist you in improving the process by which you monitor and manage the risks that face the District. Any findings and recommendations in the attached report are the responsibility of the District to implement, accept the risk as identified, or implement alternative controls that will mitigate the risk to a level that is acceptable by the District. Ultimately, it is your responsibility to assess the adequacy of your risk management system.
DISTRIBUTION OF THE REPORT

This report is intended solely for the information and use of the Board of Education and management of New Hartford Central School District and should not be used for any other purpose.

We appreciate the opportunity to serve you and thank the individuals in your organization for their cooperation. Over time, it will be necessary to reassess your risks to ensure that they have not changed and to ensure that your risk management system is functioning properly. Through our ongoing involvement with you as a client and our knowledge of your district and its processes, we are in a unique position to assist you with that process. Please contact us at any time should you desire such services.

Sincerely,

Kenneth Ziobrowski

Kenneth R. Ziobrowski, CIA, CFE
Questar III
We reviewed Student Service’s System to Track and Account for Children (STAC) reporting process as it relates to Public Excess High Cost, Extended School Year (ESY), Private Placement, Homeless, and the billing practices for Parentally Placed and Foster Children policies and procedures with Student Services and applicable business office staff to obtain an understanding of the processes used by the District to account for transactions of State aid and other district’s reimbursed funds. In addition, we performed the following testing procedures:

- From a population of 3 students identified by the District for calculating the in-district high cost aid for school year 2013/14, we selected each student for testing. We also selected 5 additional students not reported for high cost aid, but whose service costs may exceed the District’s high cost threshold. We performed the following testing procedures for each of those students:
  - Confirmed the 10-month annualized cost calculations performed by the District by recalculating each student’s service costs based on the applicable programs and services identified from the student’s Individualized Education Program (IEP);
  - Tested the information developed and used by Student Services for calculating the 10-month annualized cost calculations; and
  - Confirmed STAC reporting was approved by the administrator for Student Services and within the imposed State Education Department (SED) deadline.

- The District also had 46 students enrolled in Oneida-Herkimer-Madison BOCES where their annualized cost exceeded the District’s high cost threshold. We verified the latest 2013/14 BOCES billing of each student and matched the amounts reported for high cost STAC.

- From a population of 45 ESY (summer special education program) students for fiscal year 2014/15, we selected 15 students for testing. We tested to ensure the special education services provided per the student’s IEP and related transportation costs for the summer of 2014 were properly calculated and reported in STAC.

- From a population of 11 private placement students, we selected 5 for testing to ensure each student and their applicable program of service was properly billed and reported in STAC for school year 2013/14.

- From a population of 3 foster students identified for 2013/14, we tested each student to ensure the District properly billed the district-of-origin for tuition costs set by SED. Additionally, we verified that the District received payment.

- The District did not have homeless students for 2013/14 meeting the McKinney-Vento Homeless Education Assistance Improvement Act.
- The District did not have parentally placed students; therefore, no testing was performed.

**SCOPE RESTRICTIONS**

- No restrictions were noted

**OBJECTIVES**

- Evaluate the internal controls established by the district for the STAC state aid, privately placed, parentally placed, foster children, and homeless reimbursement processes to ensure they are operating effectively and efficiently.
- Ensure special education records are properly maintained and safeguarded.

**KEY PROGRAM CONTROLS**

- The District has created the following key program controls designed to meet business obligations, provide accountability, and promote operational effectiveness & efficiencies:
  - The applicable student services and business office staff are experienced and knowledgeable of the regulations governing special education.
  - The District uses Clear Track, which is a web-based database of all issued IEPs.
  - The business office has direct communication with Student Services.
  - Appropriate staff has received training on Clear Track and STAC reporting.
  - Student Services tracks applicable students whose service costs may exceed the District's high cost threshold for STAC reporting. The Director of Student Services prepares a worksheet for calculating "Annual per Pupil Cost" that lists all special classes, related services, including contractors and equipment purchases when applicable.
  - Student Services submits in-district and BOCES high cost, ESY, homeless, and private placement STAC each year for the District to receive additional State aid.
  - The business office prepares and submits the billing package to the responsible districts for parentally placed and foster children. In addition, the same individual reviews and approves invoices received from the other districts for parentally placed students to ensure the District is appropriately billed.

**OBSERVATIONS AND RECOMMENDATIONS**

**Observation 1:** The District is allowed to include all costs associated with direct services to the child that are listed on the IEP; such as, salaries and benefits of special education teachers and aides/assistants, itinerant services, related services, and special equipment. During our testing of in-district high cost, we noted the following issues with Student Services' calculation of special class cost:

- The teachers, teacher assistants, and teacher aides' retirement (TRS/ERS), social security, and workers compensation benefit costs were not included when calculating employee benefits.
- The employee's salary plus benefit costs applied by Student Services were not from fiscal year 2013/14 but from 2011/12.
- Several teacher assistants and teacher aides' salaries were paid from the 611 Grant. However, we noted the following issues:
  - Although eight teacher aides and one teacher assistant's salaries
were paid from the 611 Grant, the benefit costs were not paid from the Grant but excluded from the applicable special class cost;

- Two instances where Student Services applied a standard teacher assistant cost for special classes but the cost was not applicable to the actually assigned teacher assistants cost; and
- Three teacher assistants’ salaries were paid from the 611 Grant but included with the applicable special class cost calculation.

We noted the following issues when we tested Student Services calculation of individual student’s in-district cost for services:

- When a student received related services as a group, Student Services did not pro rate the cost for services based on the group size. Instead, the cost was calculated based on an individual rate, which overstated the cost.
- Student Services calculated the cost for related services based on the number of sessions per week (5 day cycle); however, many students’ IEP reported the number of sessions based on 4 or 6 day cycles. The cost should be calculated based on the information reported in the student’s IEP who are projected to be high cost.
- Student Services reported the incorrect BOCES cost for two itinerant services provided to two students.

Due to the issues noted above for calculating the special class costs and related services, we identified 2 students’ in-district cost that exceeded the District’s high cost threshold but were not reported in STAC for excess cost aid. The estimated aid shortfall was $3,955. Additionally, of the 3 students that were reported in STAC for high cost aid, 2 were overstated while one understated the annualized cost for services. The net effect was the estimated aid was overstated by $15,534.

Recommendations: The District should consider having the appropriate staff obtain training from Questar BOCES’s State Aid Planning. Once this has been completed, the District should re-perform the 2013/14 in-district high cost STAC computations and amend the applicable reports.

The District should consider, as staffing can allow, assign providers whose salaries are not paid from the 611 Grant to students that may require services which exceed the District’s high cost threshold. For instances when staffing can’t be adjusted, Student Services should include the provider’s benefit costs, if not paid by the Grant, when calculating special class costs and related services.

Observation 2: We noted 10 students were not reported in STAC for BOCES high cost. The missed opportunity for public excess cost aid was $8,798. The District did not STAC report students whose net cost, when the student was less than 1 FTE, was less than the District’s threshold as opposed to reporting the student’s annualized cost. Additionally, Student Services reported one student’s original program cost that was more than the BOCES annualized cost. As a result, the estimated aid was overstated by $1,429.15.

Recommendation: The District should report the annualized cost when the amount is greater than the District’s high cost threshold even when the student’s enrollment is less than 1 FTE. Another individual should perform a second review of the BOCES final bill report as compared to the Automated
Verification List (AVL) to ensure all applicable students were correctly reported on the AVL. The AVL is the final document provided by the district to SED to generate public high cost aid.

Observation 3: During our testing of ESY STAC reporting, we noted the following issues:

- From our testing of 15 students attending the ESY (4408 program), we identified 2 students that required 1:1 aide but was not reported in STAC. The total cost for the 1:1 aide service was $6,940 where, if reported in STAC, the District would receive 80% or $5,552 of the cost for additional aid.

- From our review of calculating the ESY transportation costs, we noted several cost factors that were not included as part of the overall calculation. For example:
  - The bus driver and aide’s benefits, which includes the single healthcare rate, dental, social security, ERS, and workers compensation.
  - No cost calculation of the indirect costs, for example; mechanics, supervision, dispatcher, office support, and material & supplies, excluding fuel.

- When we reconciled the transportation costs reported in STAC per student to the Transportation Department’s reported cost, we noted $1,596.90 was not reported in STAC. Four of the seven bus routes’ total costs did not equal to Transportation’s calculated amount. Transportation’s cost per bus route was allocated based on the number of students assigned to the route. The differences occurred when students’ parents provided the transportation but the applicable route cost was not adjusted accordingly. Additionally, we noted differences with Student Services’ number of students taking bus routes in comparison to what was reported by Transportation.

Recommendations: The summer program for school-age students (public and private) with disabilities is a 6-week program during July and August. For this 6-week period only, districts may claim expenditures based on the percentage of staff time (or actual cost of services) provided to students with disabilities. The District is reimbursed at 80% of the approved cost of education, transportation and maintenance. Districts need to reduce reported expenditures based on the percentage of time staff time related to transporting regular education students during this 6-week period plus time working on other activities. Student Services should review SED’s instructions for costs that are allowable and unallowable for calculating transportation costs.

The District should consider having an appropriate individual to review the transportation costs for accuracy.

Observation 4: Districts can STAC report students with disabilities placed in approved in-state and out-of-state private schools for private excess cost aid. During our testing of Private Placement STAC reporting, we noted one instance where Student Services did not select 1:1 aide. Therefore, did not receive $16,220.47 for additional private excess cost aid. From our discussion with the individual that completed the STAC reports, the individual was aware of the student’s 1:1 aide but was not sure how to
process that information in STAC.

Note: As a result of the audit, the Director of Student Services contacted SED to amend the STAC report in order to receive the aid.

**Recommendation:** The District should contact SED or Questar III BOCES State Aid Planning for instances when there are questions or uncertainty for processing STAC.

**Observation 5:** From our testing of the Foster Children billing process, we noted one instance where the District did not bill the district-of-origin for unreimbursed summer program and transportation costs. Student Services completed the student’s ESY STAC report to receive 80% aid but the District did not bill for the 20% or $960.50 & $105, respectively, unreimbursed program and transportation cost. The program and transportation for students residing in foster care homes is provided by the school district where the foster home is located. However, the cost of education is the responsibility of the district-of-origin. Therefore, the educating district claims the program and transportation aid through STAC reporting and bills back the district-of-origin for any unreimbursed expense.

**Recommendation:** The District should bill the district-of-origin for the unreimbursed program and transportation cost.

<table>
<thead>
<tr>
<th><strong>SUBMITTED BY:</strong></th>
<th>Ken Ziobrowski, Internal Auditor</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>DATED:</strong></td>
<td>January 29, 2015</td>
</tr>
</tbody>
</table>
To: Ken Ziobrowski  
From: Ashraf Allam  
CC: Mary Mandel  
Date: 10/27/15  
Re: Corrective action plan for audit dated 7/29/15

Memo

Based on the audit report dated 7/29/15, my office has taken the following corrective action to address any listed observations:

Observation 1 (Page 2 of report):

- A new spreadsheet was generated to account for all includable costs (TRS/TRS, etc.), with a notation of grand-funded and partially grant-funded positions to avoid confusion as staff is reassigned or request transfer between programs. Program costs were recalculated accordingly for students who exceeded the high-cost threshold.
- All program costs were re-calculated using actual enrollment rather than maximum class size.
- Continued efforts will be made to avoid confusion between weekly, 6-day and 4-day service cycles as providers or students move among programs. Please note that district employees, BOCES employees and contracted employees all use different service cycles. All STACS affected by this issue were corrected and re-submitted.

Observation 2 (Page 3 of report):

- The 10 students noted have now been submitted to the STAC system. District procedures have been corrected so that this issue does not recur.

Observation 3 (Page 4 of report):

- A revised spreadsheet was developed to account for missed costs (driver and staff benefits), and to better reconcile the actual bus runs with individual student costs. All affected STACs have been resubmitted.
• Further checks have been introduced in collaboration with the business office to verify the figures provided by the transportation department.

Observation 4 (Page 4 of report):

• The STAC for the student in question has been resubmitted with the corrections made. Procedures have been put in place to avoid this issue in the future.

Observation 5 (Page 5 of report):

• The unreimbursed costs will be submitted to the relevant school districts for payment. Procedures have been put in place to better coordinate between my office and the business office on this issue.
January 20, 2016

Board of Education  
New Hartford Central School District  
33 Oxford Road  
New Hartford, New York 13413

We have completed the annual update of the initial financial risk assessment for the New Hartford Central School District. One of the requirements of the 2005 School Financial Oversight and Accountability legislation is to update the risk assessment annually. Our engagement was designed to revisit the risks identified in the previously issued report and provide a report on the organization's steps taken to mitigate those risks as well as identifying new risks as conditions change within the District.

The purpose of the financial risk assessment was to review the internal controls that the District has in place to prevent errors, detect fraud, and ensure that financial reporting is accurate and that the District assets are safeguarded. We interviewed key staff to obtain an understanding of the financial processes.

We noted some areas where the District could improve the internal control structure. Our recommendations follow in the attached report.

Should you need assistance in implementing our recommendations, or other requirements of the 2005 legislation, we will be glad to help.

RELIABILITY OF INFORMATION

As noted, the purpose of our engagement was to assist you in improving the process by which you monitor and manage the risks that face the District. However, it is ultimately your responsibility to assess the adequacy of your risk management system.

In performing our engagement, we relied on the accuracy and reliability of information provided by district personnel. We have not audited, examined, or reviewed the information, and express no assurance on it.
DISTRIBUTION OF THE REPORT

This report is intended solely for the information and use of the Board of Education and management of New Hartford Central School District and should not be used for any other purpose.

We appreciate the opportunity to serve you and thank the individuals in your organization for their cooperation. Over time, it will be necessary to reassess your risks to ensure that they have not changed and to ensure that your risk management system is functioning properly. Through our ongoing involvement with you as a client and our knowledge of your district and its processes, we are in a unique position to assist you with that process. Please, contact us at any time should you desire such services.

Sincerely,

Kenneth Ziobrowski

Kenneth R. Ziobrowski, CIA, CFE
TABLE OF CONTENTS

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PRIOR YEARS' COMMENTS AND RECOMMENDATIONS.............................................................. 4
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Inherent Risk Areas

Below is a summary of inherent risks that should be addressed as part of conducting the annual independent audit and the ongoing internal audit function:

<table>
<thead>
<tr>
<th>RISK AREA</th>
<th>DESCRIPTION</th>
<th>RECOMMENDATION TO ADDRESS RISK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changing Environment</td>
<td>The District operates in an environment of complex or frequently changing compliance requirements. The risk to the District is that as compliance regulations change complexities place task burdens on the district employees. The complexity of the tasks increases the risk that the District could feel adverse consequences if it were to lose a key person in the business office.</td>
<td>To mitigate this risk, the District should require business office personnel to document all critical financial processes, such as payroll, purchasing, accounts payable and IT processes. These documents should be reviewed, tested and updated as processes change. In addition, employees should be cross-trained to cover all critical processes during vacations, absences or vacancies in financial positions.</td>
</tr>
<tr>
<td>Complex Transactions</td>
<td>The entity has a mix of program types funded by third parties that could motivate management to shift costs or manipulate accounting transactions.</td>
<td>The District’s internal audit function should monitor practices to ensure that funding regulations are understood and complied with. In addition, a properly functioning claim audit procedure will review the appropriateness of charges to the various programs.</td>
</tr>
</tbody>
</table>
| Segregation of Duties  | The segregation of duties is an issue within school districts primarily due to limited staffing and/or changes to employee responsibilities. There may be instances where the district has risk exposure and no mitigating controls. | Segregation of duties issues can be addressed in several ways: 
  - The District could reassign work so that checks and balances are put in place and no one person has a span of control that is too extensive; 
  - Additional review procedures could be developed and implemented either at the beginning or end of the process; or 
  - The involvement of the claims auditor or internal audit function could be increased. |
| Prior Audits           | Internal Audit has performed the following audits that will require a follow-up: 
  - Cash – FY 2008/09 
  - Purchasing – FY 2009/10 
  - Transportation – FY 2010/11 | The Board of Education (BOE) should consider having Internal Audit perform follow-up audits to ensure management corrective actions to audit observations are working effectively and efficiently. |
<table>
<thead>
<tr>
<th>RISK AREA</th>
<th>DESCRIPTION</th>
<th>RECOMMENDATION TO ADDRESS RISK</th>
</tr>
</thead>
</table>
|           |  • Student Management – FY 2011/12  
|           |  • Medicaid – FY 2012/13     
|           |  • ECAF – FY 2013/14        |
Assessment of Risk

Below is an assessment of the District’s internal controls for each functional area which are classified as low; moderate; or high risk. The assessment is based on the likelihood and impact that an unfavorable event would have on the district. The functions that we deemed to be high risk areas are critical to the operation of the district or are assets susceptible to misappropriation. In addition, this information may be used by the Board of Education for developing an audit plan for the upcoming year.

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<tr>
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</thead>
<tbody>
<tr>
<td>Cash – Business Office</td>
<td>Moderate</td>
<td>Moderate</td>
<td>Moderate</td>
<td></td>
</tr>
<tr>
<td>Cash – Lunch Program</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Cash – Extraclassroom</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Cash – Petty Cash</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Accounts Receivable – Medicaid</td>
<td>High</td>
<td>High</td>
<td>Moderate/High</td>
<td>Improved process</td>
</tr>
<tr>
<td>Accounts Receivable – Special Education</td>
<td>High</td>
<td>High</td>
<td>Moderate</td>
<td>Audit completed</td>
</tr>
<tr>
<td>Accounts Receivable – Federal Money</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Payroll</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Purchasing</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Fixed Assets Accountability</td>
<td>Moderate</td>
<td>Moderate</td>
<td>Moderate</td>
<td></td>
</tr>
<tr>
<td>Inventory – Fuel</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Inventory – Transportation Parts &amp; Supplies</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Inventory – Lunch Program</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Inventory – Operations &amp; Maintenance</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Inventory - Extraclassroom</td>
<td>Moderate</td>
<td>Moderate</td>
<td>Moderate</td>
<td></td>
</tr>
<tr>
<td>Use of Faciliites</td>
<td>N/A</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Employee Benefits (include retirees)</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Employee Expense Reimbursements</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Information Systems</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Capital Projects</td>
<td>Low</td>
<td>Low</td>
<td>N/A</td>
<td>No current projects</td>
</tr>
<tr>
<td>Budgeting</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Claims Auditing</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td></td>
</tr>
</tbody>
</table>
Prior Years' Comments and Recommendations

We noted the following issues within functional areas that could use improvement to their internal controls. The comments and recommendations provide a tool for management to assist in developing or maintaining a risk management system that mitigates risk to an acceptable level as determined by the Board of Education. The issues were identified and are summarized in the table below along with our recommendations:

<table>
<thead>
<tr>
<th>FINANCIAL AREA IMPACTED</th>
<th>DESCRIPTION OF CONDITION</th>
<th>RECOMMENDED SOLUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Controls – Business Office</td>
<td>Currently, the District Treasurer does not have control over her facsimile signature when printing checks.</td>
<td>According to the Office of the State Comptroller, electronic signature disks or other forms of facsimile signatures should be secured in a locked location under the control of the signatory. Signature disks or other facsimile signatures should only be used under the direct supervision of the official whose signature is on the disk. We recommend that the District implement a password release function in an effort to mitigate the misuse of the Treasurer's signature.</td>
</tr>
<tr>
<td>Payroll</td>
<td>The District might prepay teacher salaries during the first week of school. The prepayment of expenses is prohibited by NYS General Municipal Law.</td>
<td>Consider revising the practice for paying teachers for two full weeks during the first pay period if it does not cover two weeks. Any changes to this practice should be made in accordance with the teachers bargaining agreements.</td>
</tr>
<tr>
<td>Medicaid Reimbursement</td>
<td>The District does not use a standard special transportation log, which is missing critical information to be correctly reimbursed for. This information is the physical address where each student was picked up and subsequently dropped off at.</td>
<td>In order to submit claims for special transportation, the District should develop a standard special transportation log. An example of a special transportation log can be found within the Medicaid in Education Handbook 7. In addition, the required notations that are required to submit claims for special transportation are also listed. These notations include: the physical address where the student was picked up and dropped off at, the time of pick up and drop off, the driver's full name, student's name, and the bus number or license plate number of the bus.</td>
</tr>
<tr>
<td>FINANCIAL AREA IMPACTED</td>
<td>DESCRIPTION OF CONDITION</td>
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<tr>
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</tr>
<tr>
<td>Inventory Controls</td>
<td>We noted that while the custodial and bus part inventory is being kept on a perpetual basis, periodic surprise inventory counts are not being done.</td>
<td>We recommend that someone outside of the recordkeeping and custody of the inventory function perform a surprise inventory count periodically throughout the year to deter theft and misappropriation of inventory. The individual conducting the inventory count should also be able to identify the inventory.</td>
</tr>
<tr>
<td>Extraclassroom Activity Funds</td>
<td>The District is now utilizing inventory control forms with extraclassroom clubs; however these forms may not be completed on a consistent basis.</td>
<td>A report should be prepared or generated detailing the beginning and ending inventory for all product that is purchased for resale. This report should then be compared to the cash collected and any discrepancies investigated. Examples of processes that can be implemented to process and record transactions can be found in the New York State Education Department's Finance Pamphlet 2 - The Safeguarding, Accounting and Auditing of Extraclassroom Activity Funds.</td>
</tr>
<tr>
<td>FINANCIAL AREA IMPACTED</td>
<td>DESCRIPTION OF CONDITION</td>
<td>RECOMMENDED SOLUTION</td>
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</table>
|                        | Activity over recording and reconciling the extra classroom funds may lack complete control. Without adequate controls, the District cannot be sure that all funds are completely accounted for and that the activity recorded is accurate. This would include consistent and proper completion of the following:  
  - Fundraising request forms;  
  - Activity budgets;  
  - Meeting minutes;  
  - Pre-numbered tickets with reconciliation;  
  - Profit and loss statements; and  
  - General ledger. | On an annual basis, each club should submit to the building principal a fundraising request form for each fundraiser the club plans on participating in. Each fundraiser needs to have a completed activity budget outlining the anticipated costs and related profits. At the conclusion of the fundraising activity each fundraiser needs to have a completed profit and loss noting the amount of any profit made. The approval of each club's fundraiser and budget should be documented in the meeting minute. In addition each club should document attendance and record minutes of all meetings. These meeting minutes can be used as backup documentation for receipts and disbursements, fundraising goals, approval of club budgets and club elections. The meeting minutes electing club officers should be forwarded to the central treasurer for comparison to receipt documentation and payment order forms.  
Each club is required to maintain a club ledger. On a monthly, quarterly, or semi-annual basis the central treasurer should forward the balances in the extra classroom activity fund general ledger to each club. The student treasurer for each club, with a documented review by the club advisor, should reconcile the club ledger to the central treasurer's general ledger and resolve any discrepancies. This reconciliation should be maintained by the club.  
Examples of processes that can be implemented to process and record transactions can be found in the New York State Education Department's Finance Pamphlet 2 - The Safeguarding, Accounting and Auditing of Extra classroom Activity Funds. |
<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Purchasing</td>
<td>The District does not include a right-to-audit and access to vendor's books clause in contracts.</td>
<td>The District should consider including a right-to-audit clause in at least contract agreements relating to capital projects and service agreements. This could provide the district with the legal right to audit a vendor's accounting records if billing information is suspect to improper charges. The District should consult their attorney concerning this matter.</td>
</tr>
</tbody>
</table>
Risks Identified in Fiscal Year 2014-2015

We noted the following issues within functional areas that could use improvement to their internal controls. The comments and recommendations provide a tool for management to assist in developing or maintaining a risk management system that mitigates risk to an acceptable level as determined by the Board of Education. The issues were identified and are summarized in the table below along with our recommendations:

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<th>RECOMMENDED SOLUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation</td>
<td>Each fuel delivery pricing is not reviewed to ensure the vendor’s pricing complies with the State contract. The contracted fuel pricing changes each week, therefore, the delivery date effects the price per gallon that the vendor should charge the District.</td>
<td>An appropriate individual should verify the vendor’s fuel pricing for each delivery to ensure the price charged to the District complied with the Office of General Services Contract.</td>
</tr>
</tbody>
</table>
Risk Areas Previously Identified and Addressed

We noted the following issues within functional areas that were noted in previous reports and subsequently corrected. Below is a listing of such items and their solutions.

<table>
<thead>
<tr>
<th>FINANCIAL AREA IMPACTED</th>
<th>DESCRIPTION OF CONDITION</th>
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</thead>
<tbody>
<tr>
<td>Cash (Balances, Receipts and Disbursements)</td>
<td>From the report dated May 18, 2007, we noted that each individual in the business office is responsible for opening their own mail. In addition, a restrictive endorsement is not always applied by the first person handling the mail.</td>
<td>UPDATE MAY 2011: The Secretary to the Assistant Superintendent of Business is responsible for opening all mail and stamping the bank of all checks when received, however, this individual is not required to complete a daily cash receipt log. During our review of wire transfer authorizations, we noted that the Board of Education lacked establishing an annual approval over the amount of funds to be transferred via a wire transfer without Board approval.</td>
</tr>
<tr>
<td></td>
<td>From the report dated May 12 2009, we noted that aged outstanding checks are not handled according to NYS regulations. Checks that are aged may be voided and reversed back into the fund in which they were expensed from.</td>
<td>UPDATE MAY 2011: The District will send three letters to the individual/company who has an outstanding check. If they have received no response, a fourth certified letter will then be sent. If at that point no response, this check will then be sent to the Comptroller's Unclaimed Funds Division.</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>There is segregation of duties issues present in the cash process. The same individual who adds vendors to the master file, also can change vendors, and processes payables.</td>
<td>UPDATE MAY 2015: The Accounts Payable function is now being processed by the BOCES.</td>
</tr>
<tr>
<td>Accounts Receivable</td>
<td>There are opportunities to improve controls over external billing. We noted that invoices prepared by the district are not pre-numbered.</td>
<td>UPDATE MAY 2015: Accounts Receivable invoicing is not pre-numbered. However, invoices are assigned their own individual sequential number. The secretary reviews excel record of Accounts Receivable to ensure that no duplicates numbers are issued. A copy of each invoice is provided to the treasurer. When payments are received, the payment is verified by the treasurer.</td>
</tr>
<tr>
<td>FINANCIAL AREA IMPACTED</td>
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<tr>
<td></td>
<td>From the report dated May 12 2009, we noted the individual responsible for preparing invoices is also responsible for collecting all receipts and posting payments against said invoices and reconciling the bank statements.</td>
<td><strong>UPDATE MAY 2013</strong>: The District now has multiple individuals involved in the collection of accounts receivable. The individual responsible for preparing invoices is not responsible for collector receipts and posting payments against invoices.</td>
</tr>
<tr>
<td>Banking</td>
<td>From the report dated May 12 2009, we noted there are opportunities to improve controls over the credit cards. The District does not state within their Board minutes authorized holders on all credit card accounts.</td>
<td><strong>UPDATE MAY 2013</strong>: The District has implemented a credit card policy providing all necessary approvals.</td>
</tr>
<tr>
<td>Petty Cash</td>
<td>From the report dated June 24, 2010, we noted that at the annual reorganizational meeting minutes dated July 7, 2009, a listing of approved petty cash custodians by the Board of Education is not provided. The meeting minutes only state the amount and location of the approved petty cash fund.</td>
<td><strong>UPDATE MAY 2011</strong>: During the July 7, 2010 reorganizational meeting we noted all petty cash custodians were noted.</td>
</tr>
<tr>
<td>Payroll</td>
<td>From the report dated June 24, 2010, we noted that certain review and/or documentation of certain review processes are missing from the payroll review process. These include: • Documentation on the review performed over the first and final pay calculations; • Documentation on the review performed over the annual W2's; and • Documentation on the review performed over the accrued time off liability.</td>
<td><strong>UPDATE MAY 2011</strong>: The District has implemented the following controls during the 2010-2011 fiscal year: • Documentation on the review over the first and final pay calculation is completed; • Documented on the review over the annual W2 report is completed; and • Documentation on the review over the accrued time off liability is completed.</td>
</tr>
<tr>
<td>FINANCIAL AREA IMPACTED</td>
<td>DESCRIPTION OF CONDITION</td>
<td>CORRECTIVE ACTION</td>
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<tr>
<td>------------------------</td>
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<tr>
<td></td>
<td>From the report dated May 12, 2009, we noted that the payroll certification process could use some improvement.</td>
<td><strong>UPDATE MAY 2012:</strong> Each pay period the Payroll Manager will send to the Assistant Superintendent for Business a packet with all the applicable pays, overtime hours, changes made to the payroll master file, and each employee's normal pay amount. In addition the Payroll Manager will put current pay amount to last year's pay amount as well as budgeted payroll to actual payroll and any applicable variance amounts. The Assistant Superintendent for Business will review the entire packet, trace two to three employees pay back to their salary notice to ensure accuracy, check on any variances and certify the payroll by signing the top page.</td>
</tr>
<tr>
<td></td>
<td>From the report dated June 24, 2010, we noted that there is not independent review over substitute's timesheets to the employee's attendance in Finance Manager. A review is being completed by the same individual responsible for tracking all paid time off.</td>
<td><strong>UPDATE MAY 2012:</strong> The Assistant Superintendent for Business will on a two week basis review all paid time off entered into Finance Manager to the attendance forms received by Payroll. At this time Substitutes attendance sheets are then compared to the respected employee's record in Finance Manager to ensure that they line up.</td>
</tr>
<tr>
<td></td>
<td>From the report dated June 24, 2010, we noted that there is a lack of security over the access of employee's personnel files. These files are located in an unlocked cabinet, in an unlocked office during the day. At night, the office where the files are stored is locked.</td>
<td><strong>UPDATE MAY 2011:</strong> The personnel clerk will lock all personnel files when she leaves the office for any period of time. In addition, the office is located in a separate building staffed with only business office employees. If the personnel clerk does not need to access any personnel files, these files will remain locked during the day.</td>
</tr>
<tr>
<td></td>
<td>From the report dated June 24, 2010, we noted the individual who prepares the payroll bank reconciliation does not sign off as preparer.</td>
<td><strong>UPDATE MAY 2011:</strong> The individual responsible for preparing the payroll bank reconciliation signs off as preparer.</td>
</tr>
<tr>
<td>FINANCIAL AREA IMPACTED</td>
<td>DESCRIPTION OF CONDITION</td>
<td>CORRECTIVE ACTION</td>
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<tr>
<td></td>
<td>From the report dated May 2012, we noted that the District's non instructional employees are working under an expired contract since July 1, 2011.</td>
<td><strong>UPDATE MAY 2013:</strong> The District now has non instruction employees working under a current contract.</td>
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<td>The individual responsible for processing payroll is also responsible for updating salary information into Finance Manager.</td>
<td><strong>UPDATE MAY 2015:</strong> Each change made by Payroll is reviewed by another individual from the business office. Additionally, a change report is provided as part of the payroll certification process.</td>
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<td>From the report dated June 24, 2010, we noted during our review of the districts union agreements; we were unable to locate, within the New Hartford's Employee's Union Agreement, a required contribution for retiree health insurance.</td>
<td><strong>UPDATE MAY 2013:</strong> The District is reporting such contributions within the various union agreements at the district (i.e. instructional, non-instructional, and administrators).</td>
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<td>Affordable Care Act</td>
<td>New regulations under the Patient Protection and Affordable Care Act (PPACA) require employers, including school districts, to provide coverage to employees working an average of 30 or more hours a week or 130 or more hours a month. This includes substitute teachers or other substitutes in classified positions such as food service or transportation. Set to go into effect January 1, 2015, the regulations commonly known as &quot;Obamacare&quot; have districts looking for an effective way to track part-time employee hours, particularly for substitute teachers, and determine eligibility for insurance benefits. Currently, Finance Manager does not offer the capability to track individual's daily hours worked.</td>
<td><strong>UPDATE MAY 2015:</strong> The District is tracking applicable employees, i.e. substitutes and part-time staff that is not offered a healthcare plan from a collective bargaining agreement. The measurement period is one year. The latest measurement period indicated one employee required the District to offer a healthcare plan. According to the Assistant Superintendent for Business, most employees are offered a healthcare plan applicable to their collective bargaining agreement. The District will be reporting to the IRS for each employee offered a healthcare plan.</td>
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<td>Fixed Assets &amp; Inventory Controls</td>
<td>From the report dated June 24, 2010, we noted the District does not tag assets prior to being placed into service.</td>
<td><strong>UPDATE MAY 2013:</strong> The District will tag assets as they are paid. Once an asset is paid, the Fixed Assets Manager will provide a tag to the department supervisor of the department that has received the asset. The District tags assets in this manner because they do not have a central receiving area.</td>
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<td>From the report dated June 24, 2010, we noted that controls over custodial supplies could use some improvement. The District does not have a process in place that requires tracking supply usage.</td>
<td><strong>UPDATE MAY 2011:</strong> At the beginning of the fiscal year, each building is required to submit an annual request for items needed. This is then documented and the inventory is transferred to a secure location in that specific building.</td>
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<td>From the report dated June 24, 2010, we noted there are segregation issues with respect to the bus supplies and fuel inventory. The individual that approves inventory purchases also has responsibility ordering the associated inventory.</td>
<td><strong>UPDATE MAY 2013:</strong> The District has implemented proper internal controls regarding segregation of duties. The individual who approves the inventory is not the same individual who receives the inventory.</td>
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<td>From the report dated May 30, 2014, the District has not had a complete inventory performed in approximately seven years.</td>
<td><strong>UPDATE MAY 2015:</strong> Questar III BOCES’s completed in March 2015 a physical inventory of District assets.</td>
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<td>From the report dated May 30, 2014, the District’s financial statements list the capitalization threshold at $5,000 while the policy states $1,000.</td>
<td><strong>UPDATE MAY 2015:</strong> The policy has been revised.</td>
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<td>Fuel Controls</td>
<td>From the report dated June 24, 2010, we noted that the transportation department does not require drivers to enter the odometer mileage in the fuel pumps at the time of fueling. In addition, drivers are not required to enter the number of gallons obtained on their driver daily reports.</td>
<td><strong>UPDATE MAY 2012:</strong> One designated employee is responsible for fueling all of the buses. When a bus gets fuel a special code is input into the GasBoy system as well as the odometer reading at time of fill up. This information is also contained within a written spreadsheet to match against GasBoy reports.</td>
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<td>From the report dated June 24, 2010, we noted that the transportation department does not provide a reconciliation report between the amounts of fuel used to the amount of miles driven per bus.</td>
<td><strong>UPDATE MAY 2012:</strong> The Transportation Supervisor now sends a fuel reconciliation report showing the fuel usage per bus as well as mileage at each time fuel is used per bus to track miles per gallon. This report is sent to the Assistant Superintendent for Business monthly.</td>
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<td>IT Controls</td>
<td>From the report dated June 24, 2010, we noted all users are not required to reset their passwords on a regular basis. It is good business practice to require, by default, that all new users will establish a unique password at the time they log onto the system for the first time. Note: The District's business office is required to change any passwords relating to financial software on a monthly basis.</td>
<td><strong>UPDATE MAY 2013:</strong> In addition to having the business office change passwords on a monthly basis, the students and teachers will now have to change all passwords on an annual basis. Passwords are unique in nature and not shared.</td>
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<td>From the report dated June 24, 2010 we noted that neither employees nor students are required to sign an acceptable user agreement before gaining access to the District's system.</td>
<td><strong>UPDATE MAY 2013:</strong> All District students and employees are signing acceptable user agreements. The newly appointed BOCES IT Director is also reviewing this process and planning on making any necessary changes.</td>
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<td>Budgeting</td>
<td>The District has not set a monetary limit on the budget transfers executed by the Business Official.</td>
<td><strong>UPDATE MAY 2013:</strong> All District transfers are reviewed and approved by the budget and finance committee.</td>
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| Extraclassroom Activity Funds (ECAF) | From the Report Dated June 24, 2010, we noted that at the annual reorganizational meeting minutes dated July 7, 2009, the following is not noted in regards to ECAF:  
- Signature authority is not noted for ECAF accounts. The current practice for both the junior high and high school is a double signature on all checks (central treasurer and building principals); and  
- The extraclassroom clubs are not approved annually by the Board of Education. | UPDATE MAY 2011: During the 2010-2011 board minutes we noted authorized signors on all ECAF accounts as well as approval over extraclassroom activity clubs. |
<p>|                         | From the report dated June 24, 2010, we noted that there is inadequate segregation of duties issues present in the extra classroom activity fund. The individual responsible for recording and preparing receipts and disbursements is also responsible for reconciling the bank account without a documented review. | UPDATE MAY 2012: All bank reconciliations prepared by the Extraclassroom treasurers is reviewed and documented as reviewed by the District's Treasurer. |
|                         | From the report dated June 24, 2010, we noted during our review of extra classroom funds, we noted that the central treasurers for the high school and junior high schools are keeping manual ledgers of all extra classroom activity. | UPDATE MAY 2012: The high and junior high schools' Extraclassroom treasurers are now keeping their ledgers on an excel format. |
|                         | From the report dated May 30, 2014, we noted the extraclassroom bank account statements are not routed for review prior to reconciliation. | UPDATE MAY 2015: The bank statements are delivered to the business office then routed to the central treasurers. After the reconciliation is completed, the information is reviewed by the District Treasurer. |
|                         | From the report dated May 30, 2014, the clubs are not consistently reconciling their club ledger balance to the club balance maintained by the central treasurer. | UPDATE MAY 2015: The clubs are periodically reconciling their ledger to the central treasurer's ledger. |</p>
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<td>We noted that the District does not have an Extraclassroom Board policy.</td>
<td><strong>UPDATE MAY 2015:</strong> The Board implemented Policy 6101.1 that governs extraclassroom activities. Additionally, Board Policy 4600.1 provides guidance over fundraising events.</td>
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<td>Medicaid</td>
<td>The Medicaid reconciliation process could use improvement. During our review we noted that there is not a formal reconciliation process between what was sent for reimbursement and what was received as reimbursement. The District receives a check for Medicaid reimbursement, which is not compared to a remittance report.</td>
<td><strong>UPDATE MAY 2015:</strong> The Director of Student Services reviews reports from MedWeb to identify rejected or pending claims to make necessary adjustments. This process includes a reconciliation of claims submitted to actual payment.</td>
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<td>We noted not all service providers use Clear Track to report and process their session notes electronically. Instead, the process is completed manually, whereby the session notes are hand written by the provider on the applicable documents then sent to the District’s special education office to be submitted to BOCES for processing.</td>
<td><strong>UPDATE MAY 2015:</strong> The providers are reporting session notes in Clear Track.</td>
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<td>General</td>
<td>During our review of Policy 4014: &quot;the internal auditor reports to the Board at least annually, and reports to the Board Audit Committee quarterly.&quot; However, the internal auditors only meet with the audit committee approximately twice per year. In addition, Questar III has not reported to the Board of Education. In addition, we noted that all financial policies have not been updated in recent years.</td>
<td><strong>UPDATE MAY 2015:</strong> The policy manual was revised, which included Policy 4402: Internal Audit Function. The Policy no longer specifies a frequency when the auditor shall meet with the Board and/or audit committee. Additionally, the policy manual revisions included applicable financial policies.</td>
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