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December 2, 2005

Dr. Frank R. Satchel, Jr., Superintendent
And Members of the Board of Education
Wyandanch Union Free School District
1445 Martin L. King Jr. Blvd.
Wyandanch, NY 11798-3997

Report Number: S8-5-46

Dear Dr. Satchel and Members of the Board of Education:

One of the Office of the State Comptroller's primary objectives is to identify areas where local governments and school districts can improve their operations and provide guidance and services that will assist local officials in making those improvements. Our goals are to develop and promote short-term and long-term strategies to enable and encourage local government and school district officials to reduce costs, improve service delivery and to account for and protect their entity's assets.

In accordance with these goals, we are conducting an audit of 15 Long Island School Districts to determine whether School District officials have established appropriate internal controls over expenses incurred on behalf of School District managers and members of the Board of Education. We included the Wyandanch Union Free School District in our audit. Within the scope of this audit, we reviewed School District practices controlling expenses such as travel, conferences, meals, cell phones and credit cards. The audit period was July 1, 2002 through August 31, 2004. However, we audited outstanding travel advances made to School District officials from October 1999 through May 31, 2005 (date of fieldwork). In addition, for findings quantifying health insurance benefits, we showed benefit totals through May 18, 2005. The health insurance summaries provided to us contained expenses totaled through this date to maintain the privacy of certain health-related information covered under the Health Insurance Portability and Accountability Act (HIPAA). The scope of our audit related to the control environment was limited to the extent that we did not receive a response from former Board Member Derrick Hardy to our request for disclosure of interest in contracts with the District.

This report of examination letter summarizes our findings and recommendations specific to the Wyandanch Union Free School District. We discussed the findings and recommendations with School District officials and considered their comments in preparing this report. The School District's response is attached to this report in Appendix B.

Summary of Findings

Our examination of the School District's internal controls over administrative expenses disclosed weaknesses in how School District officials structured and carried out the internal claims audit and treasury functions during our audit period. We also found a need for more policy guidance from the Board of Education for some administrative expenses and we noted opportunities for the Board of Education and its managers to improve the School District's control environment by always following Board-approved contracts, resolutions and policies and by limiting the amount of compensation and benefits provided to managers to amounts formally authorized by the Board. We identified the following areas needing improvement:

- During the 2002-2003 school year, the District did not have a proper internal claims auditing function for eight months after the internal claims auditor resigned. Although the Board of Education did reassume the duty of auditing claims during this period, it only reviewed and approved summary warrant reports and did not audit each claim.
- As of May 31, 2005, the School District had approximately \$6,500 in overdue outstanding cash advances that span the period from October 1999 through February 2005. These advances were paid to members of the Board of Education for use while traveling to approved conferences and training. While the School District has a policy detailing the procedures for cash advances, it did not enforce the policy by requiring officials to submit receipts and/or to repay the cash advances in a timely manner. Also, despite a policy requirement that all outstanding cash advances should be repaid before a new advance is given, the District continued to provide Board members with new cash advances even though they had not settled their previous advances.
- The School District spent over \$40,000 on 17 cellular telephones during the audit period. Of this amount, about \$17,000 (43 percent) was for excessive minute overages where the District exceeded the monthly minutes provided in its cellular telephone plans. During our audit period, the Board of Education had not adopted a written policy outlining which School District employees needed cellular telephones to conduct business, nor how they should use them. In addition, the School District did not monitor overage charges on its bills, nor identify employees' personal calls and seek reimbursements.
- The School District provided compensation and fringe benefits to some managers without proper authorization from the Board of Education. For example, the Interim Superintendent for the 2003-2004 school year received a \$150,000 salary that was not approved by the Board of Education at a public meeting. Another former Superintendent continues to receive health insurance benefits, at a cost to the District of about \$4,450 from July 2003 to April 2005, even though his employment contract did not stipulate that he is entitled to these benefits after his retirement from the District.

- The internal claims auditor received a salary of \$45,000 even though the actions required in the Board resolution approving this salary were never fulfilled. The resolution specifically states that his employment was contingent upon the formulation of an agreement and the development of a work schedule; however neither provision was met. Through May, 18, 2005, the internal claims auditor also received health, dental, vision, and life insurance benefits, at a cost to the District of about \$2,750, without Board authorization.
- During our audit period, the School District expended about \$57,770 on travel-related expenses for managers and members of the Board of Education. While the School District had a policy that required the Board of Education to pre-approve conference attendance and training, the Board of Education had not adopted a detailed policy that outlines which expenses it will reimburse, or set limits as to what it will pay for lodging during our audit period.
- The Board of Education had not adopted a written policy outlining when it is appropriate to provide meals and refreshments to employees and officials attending School District meetings and events during our audit period. The School District expended about \$19,000 for these items at 88 meetings and events during our audit period.
- From March 2003 through July 2004, the School District combined the positions of the accountant and Treasurer. During this time, the School District's system of internal controls did not separate duties enough to provide a good set of checks and balances over financial transactions. The Treasurer/accountant prepared deposits, posted entries in the accounting records, printed and signed checks and performed bank reconciliations.

School District officials have assessed internal controls over administrative expenses recently and have implemented some new policies and procedures. For example, in June 2005, the Board of Education adopted new policies addressing telecommunications for District employees and meals at meetings. In September 2004, the School District separated the duties of the accountant and Treasurer, and the Board of Education passed a resolution in August 2005 authorizing the internal auditor to review the work of the Treasurer.

Background and Methodology

The Wyandanch Union Free School District, located in Suffolk County, has approximately 2,100 students. To accomplish its mission of educating students, the School District has three educational buildings and a workforce totaling about 400 employees as of March 2005. Its 2004-05 operating budget totals about \$42 million.

As part of our audit, we reviewed internal controls over administrative expenses. We obtained our understanding of these internal controls by inquiry, observation, inspection of documents and records and reviewing other audit reports. Our audit also included tests of the accounting records and supporting documents that evidenced how School District officials authorized, incurred and paid administrative expenses on behalf of managers and members of the Board of Education. In the Wyandanch Union Free School District, we defined “managers” to include the following positions that reported directly to the Superintendent and/or Board of Education:

- Superintendent of Schools
- Director of Finance
- Director of Testing and Attendance
- Director of Pupil Personnel Services
- Director of Curriculum and Instruction
- Director of Special Education
- Treasurer
- District Clerk
- Internal Claims Auditor

We also investigated taxpayer complaints that raised concerns falling within the scope and audit period of this examination. We provided detailed conclusions about these complaints in Appendix A.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards. Such standards require that we plan and conduct our audit to assess adequately those school district operations within our audit scope. Further, those standards require that we understand the school district’s management controls and compliance with those laws, rules and regulations that are relevant to the school district’s operations included in our scope. An audit includes examining, on a test basis, evidence that supports the transactions recorded in the accounting and operating records and applying such other auditing procedures, as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations contained in this report.

Audit Results

The internal control system, which is established by management and implemented by School District officials, is the integration of the activities, plans, attitudes, policies and efforts of the people of an organization to provide reasonable assurance that the organization will achieve its objectives. A vital component in any internal control system is the “tone at the top,” or the control environment. The foundation of any effective control environment is competent managers with integrity that attentively monitor operations. Having a good control environment helps ensure that all employees follow School District policies and procedures.

To establish the proper control environment, management must act with the highest ethical standards and must adhere to the same rules and guidelines they expect all other staff to follow. Management must show leadership in carefully safeguarding the public resources that are entrusted to them. To achieve these goals, management must first establish the clear policies and procedures that will govern operations, communicate these broadly, and then ensure that all employees comply with these policies and procedures.

Inadequate Audits of Claims

Conducting a proper audit of claims before the School District pays them is an integral part of any internal control system. The internal claims auditor should conduct a deliberate and thorough review of each claim to determine that the proposed payment is valid, legal and represents a necessary obligation incurred by an authorized official. In addition, the internal claims auditor should determine that the School District, or its representative, actually received the goods and/or services described in the claim by viewing detailed receipts and written statements from School District officials to that effect. Further, the internal claims auditor should verify that the claim is in its proper form, is mathematically correct and does not include charges previously paid. When the Board of Education does not appoint an internal claims auditor, these duties rest with the Board.

The internal claims auditor appointed by the Board of Education for the 2002-2003 fiscal year resigned effective October 18, 2002 and the Board did not fill the position until July 1, 2003. Despite resuming its audit duties during this period, the Board of Education did not conduct a thorough audit of claims. Officials told us that the Board did not audit each claim before approving payments during these eight months. Instead, the Board reviewed summary warrant reports and approved them by resolution. Without a thorough audit of each claim, there is a greatly increased risk that the School District may have paid inappropriate expenses.

Reviewing only summary warrant reports is a significant internal control weakness since the Board of Education cannot determine from just these documents whether the proposed payments represent actual, reasonable and necessary obligations incurred by authorized School District officials.

Outstanding Cash Advances

Advances of money for estimated expenditures for registration fees, travel, meals, lodging and tuition fees may be made to a person duly authorized to attend a conference provided itemized vouchers showing actual expenditures are submitted after such attendance and moneys advanced in excess of such expenditures are refunded to the school district or expenditures in excess of such estimate are audited and paid by the school district. The School District has implemented a policy authorizing Board members who are traveling to approved out-of-town conferences to receive a cash advance of \$75 a day for meal expenses. The policy requires Board members to account for their travel expenses in full, with receipts attached, no later than forty-five days from their return, and it stipulates that Board members should repay all outstanding cash advances before a new advance is given to the Board member.

District accounting staff tracks outstanding cash advances provided to the current and former Board Members; however the School District does not have a method of enforcing the repayment and/or reconciliation of cash advances with receipts. As a result, we expanded our tests of advances back to October 1999 and brought it forward to May 31, 2005. In total, nine former and current Board members had 28 overdue outstanding cash advances in the amount of \$6,519 as of May 31, 2005. The following chart illustrates the amount of cash advances over forty-five days outstanding for the former and current Board members as of May 2005.

Name of Official	Advances Outstanding More than 45 Days as of May 31, 2005	Dates of Advances
Former Board Members		
La Florence Grant	\$ 1,013	October and November 1999, October and November 2000, April 2001
Denise Collins	\$ 975	October and November 2000, March 2001
Phyllis Henry	\$ 975	October 2000, March 2001, April 2003
Rodney Bordeaux	\$ 725	October and November 2000
Derrick Hardy	\$ 600	April 2002, October 2002
Edna Newton	\$ 553	October and November 2000, July 2001
Andrew Gill	\$ 300	October 2001
Current Board Members		
Henry Bacon*	\$ 1,003	October and November 2000, March 2001, November 2002, July 2003
Samuel Burnett	\$ 375	January and February 2005
Total	\$ 6,519	

*As of July 1, 2005, Henry Bacon is no longer a Board Member.

The School District did not require officials to promptly repay and/or submit receipts for their cash advances when they returned from approved conferences. Although the School District's policy requires Board members to repay all outstanding cash advances before receiving a new advance, we found that the School District did not always enforce this provision of the policy and some Board members continued to receive cash advances even though they had outstanding cash advances from previous conferences. Obtaining receipts and/or reimbursement from the former Board Members for these outstanding cash advances is not likely to occur without a concerted effort by the School District.

When Board members are given a cash advance for travel, they have a basic fiduciary responsibility to submit itemized receipts to show that the cash advance was used for legitimate business purposes (i.e. meals and other travel-related expenses) and to repay any remaining amount of the advance to the School District. Board members' failure to account for their cash advances as required by the School District's

policy weakens accountability and can create an environment where it is acceptable for other employees not to follow policies. It is crucial in creating a proper control environment for Board members to adhere to the same standards they expect other employees to follow. When officials do not submit receipts or refund cash to settle their cash advances, there is no way to discern whether the cash advances were used for actual, reasonable and necessary business expenses.

Cellular Telephones

During our audit period, the Board of Education did not have a written policy outlining which School District positions needed cellular telephones to conduct business, nor how they should use them. The School District incurred over \$40,000 in charges for cellular telephone service for approximately seventeen cellular telephones during our audit period. The School District provided cellular telephones to all Board members, the Superintendent, certain directors, the internal claims auditor and the messenger.

While the School District has invested in cellular technology over the past several years, it may be able to cut its costs by reviewing usage and identifying other efficiencies. Out of the \$40,000 in cellular telephone charges, the School District paid about \$17,000 (43 percent) in overage charges for exceeding the monthly minutes provided by the cellular telephone plans. The following chart shows a breakdown of the significant overages by District official during our audit period.

District Official	Position	Amount of Overages Paid in Audit Period
Henry Bacon	Board Member	\$ 4,948
James Crawford	Board Member	\$ 3,180
Calvin Wilson	Director of Finance	\$ 2,964
Sakinah Kareem	Board Member	\$ 1,785
James Galloway	Superintendent (July 2002 - June 2003)	\$ 1,278
William Gregg	Messenger	\$ 825
Sam Burnett	Board Member	\$ 642
Sherman Roberts	Superintendent (July 2003 – June 2004)	\$ 513
Others < \$500		\$ 865
Total		\$ 17,000

The claims contained no explanations as to why officials using the cellular telephones exceeded their monthly plan allowances, and the School District did not monitor and review usage to identify personal use or seek reimbursements. Additionally, School District officials have not assessed the cellular telephones plans to determine the appropriate calling plans for each cellular telephone based on the monthly volume of business related calls with the exception of the Director of Finance whose plan was reviewed and revised in November, 2003. Such an assessment would help to reduce the costs associated with the School District's cellular telephones.

In June 2005, the Board of Education adopted a policy entitled “Telecommunications Equipment Use by Staff” for District employees. While the policy does address some of our concerns, such as the reimbursement to the School District for personal calls, it does not apply to Board members or outline which positions require cellular telephones to conduct School District business.

Lack of Approval of Salaries and Benefits by the Board of Education

The School District should not provide officials with compensation or fringe benefits that the Board of Education has not approved in employment contracts, or by resolution and written policy. We reviewed the compensation paid to School District managers for the period July 1, 2002 through August 31, 2004 and we reviewed health benefits provided to certain managers through May 18, 2005. We found that the District provided compensation and benefits to some managers without proper authorization from the Board of Education. Specific instances where the District provided compensation or benefits, without formal Board authorization, are as follows:

- The Interim Superintendent for the 2003-2004 school year, Dr. Sherman Roberts, received an annual salary of \$150,000. We found no Board resolution or written contract authorizing this salary. The only documentation provided to us by School District officials was a salary notification letter signed by the President of the Board, for the period in question. We discussed this issue with the District officials and no one can confirm how his salary was approved. Officials indicated that the Board could have approved the salary during an executive session, but they provided us with no documentation supporting this.
- On January 26, 2004, the Board of Education passed a resolution allowing the internal claims auditor to go from a part-time position “. . .to full-time status of 35 hours per week contingent upon the formulation of the agreement with attorneys and that the Board of Education work out a schedule with Mr. Darren Connor based on his submission of a work schedule for these hours to begin on February 2, 2004 at a salary of \$45,000 per year.” Mr. Connor received the \$45,000 salary even though the requirements outlined in the Board resolution had not been met. As of May 31, 2005 (the date of our fieldwork), there was no formalized agreement and a work schedule had not been developed.

In addition, Mr. Connor also began receiving health, dental, vision, and life insurance benefits as of March 1, 2004, at a total cost of about \$2,755 to the District. The Board has not stipulated these benefits in any formalized agreement nor passed any resolutions authorizing such benefits as they have done with other officials serving at the pleasure of the Board. These costs include \$1,836 paid through May, 18, 2005 to the benefits administrator for his health insurance and approximately \$434 for administration fees (\$31 x 14 months through April 2005). The District has also incurred a net dental insurance premium of \$311 (\$512 of dental coverage offset by \$201 of payroll deductions), and paid vision and life insurances premiums in the amount of \$102 and \$72, respectively.

The Board of Education did not reappoint Mr. Conner as the internal claims auditor in July 2005.

- Mr. James Galloway, a former Superintendent, is still receiving health insurance benefits even though his employment contract does not stipulate that he is entitled to them upon retirement from the District. According to the Insurance Eligibility list dated April 27, 2005, from the benefits administrator and a summary received from the insurance administrator detailing the amounts spent, the district paid \$3,776 directly to their insurance administrator and approximately \$682 in monthly administrator fees (\$31/month) from July 2003 through April 2005.

All compensation and fringe benefits provided to School District managers should be limited to amounts authorized by the Board of Education at public meetings. Documenting this authorization in writing, by resolution, policy document or negotiated employment contracts, is an important internal control over payroll and fringe benefit expenditures because it communicates the Board of Education's intent to the officers and employees who must execute the School District's procedures. The failure to create an environment in which officials execute transactions only in accordance with the Board of Education's directives significantly increases the risk of unauthorized payroll and fringe benefit payments.

Travel-Related Expenses

While the School District has a policy that required the Board to pre-approve conference attendance, the Board of Education has not adopted a written policy that outlined which expenses it would reimburse, or set limits as to what it would pay. During our audit period, the School District expended approximately \$57,770 on travel-related expenses¹ for managers and members of the Board of Education. We had the following observations:

The District's travel policy does not set maximum rates for travelers' lodging. Some local governments have opted to establish reasonable maximum per diem rates (i.e., daily rates established by the Internal Revenue Service for business travelers) for lodging that officials may not exceed, without approval, as a way to safeguard public funds.

From a review of 37 lodging claims paid during our audit period, we found that the School District exceeded Federal lodging rates on 31 occasions. If such rates were used, the District would have saved about \$3,200 during our audit period. For example, the President of the Board of Education stayed four nights at a hotel costing \$150 per night when he attended a conference in Orlando, Florida in March 2004. The cost of his hotel room exceeded the Federal lodging rate at that time in Orlando (\$95) by \$55 per night, or a total of \$220 for the trip. In another instance, a former Superintendent stayed four nights at a hotel costing \$124 per night while attended a conference in Reno, Nevada in November 2003. The cost of his hotel room exceeded the Federal lodging rate at that time in Reno (\$55) by \$69 per night, or a total of \$276 for the trip.

¹ Total travel-related expenses include cash advances, personal reimbursements to managers and members of the Board of Education and payments to outside vendors (i.e., hotels).

See our finding entitled “Outstanding Cash Advances” for additional information concerning weaknesses in internal controls over cash advances given to members of the Board of Education to attend out of town conferences. Our tests of other travel-related claims paid during our audit period revealed no significant exceptions.

Meals and Refreshments at School District Meetings

The Board of Education had not adopted a written policy outlining when it is appropriate to provide meals and refreshments to employees and officials attending School District meetings and events during our audit period. The School District expended about \$19,000 for these items at 88 meetings and events during our audit period. However, contained within these totals are meals costing about \$7,760 that the School District provided primarily for the benefit of students or the public.

Because our audit focused on administrative expenses, we reviewed only the remaining \$11,240 in meals and refreshments provided primarily at 44 meetings and events for School District managers, members of the Board and other employees. Of that amount only about \$550 was spent directly on the Board of Education and other key officials within our scope. The remaining \$10,690 of meals and refreshments were primarily purchased through Wyandanch Food Services for events such as “Teacher Appreciation Dinners”, “Teacher Conferences”, “Faculty Meetings”, and other in house training events. Although no significant exceptions were noted with respect to these expenditures, written policy guidance by the Board of Education would help provide officers and employees with guidance on when it is acceptable for the School District to provide meals and refreshments at meetings and events.

School District officials are entitled to reimbursement for actual and necessary expenses incurred in the performance of their official duties. However, generally, the District should only consider meals provided at meetings and events necessary when School District officials travel outside of their regular work areas on official business for extended periods, or where events prevent them from taking time off during mealtime for food consumption because of a pressing need to complete business.

We note that in June 2005, the School District adopted a meal policy for expenses incurred during District meetings. This policy requires the claimant to describe the purpose of the meeting, the date of the meeting, the time of the meeting, the reason why a meal had to be served and who attended the meeting.

Inadequate Segregation of Duties

An effective system of internal control provides for the separation of duties so that no single individual controls all phases of a transaction. When key duties and responsibilities are segregated, the School District establishes checks and balances over its financial operations that reduce the risk that errors and/or irregularities will go undetected. Ideally, School District officials should separate the duties of cash custody (i.e., signing checks and handling cash) and recordkeeping.

For about sixteen months in our audit period, from March 2003 through July 2004, the School District's system of internal controls did not separate some duties enough to provide a good set of checks and balances over financial transactions. During this period, the District appointed the accountant to the position of Treasurer due to the resignation of the former Treasurer. The Treasurer/accountant prepared deposits, transferred funds electronically, posted entries in the accounting records, printed and signed checks and performed bank reconciliations.

Although these duties were not adequately segregated, the School District did have some mitigating controls in place. For example, the District required two signatures on checks, either the Board President, Board Vice President, or the Treasurer (any two combinations of these three individuals). This dual signature requirement helps ensure that at least two people review the check. In addition, School District officials informed us that the Director of Finance reviewed the bank reconciliation and bank statements after the Treasurer/accountant presented the reports to the Board of Education each month. While these controls did help mitigate the internal controls weakness that resulted from the inadequate segregation of duties, no one other than the Treasurer/accountant reviewed the cancelled checks from the bank to verify that they were proper and contained the required dual signatures.

The School District appointed a new Treasurer in July 2004 and had her work in conjunction with the accountant for two months before taking over the job on her own in September 2004. The appointment of the current Treasurer has improved the segregation of duties at the School District. Additionally, in August 2005, the Board of Education passed a resolution authorizing the internal auditor to review all bank statements, and bank reconciliations, financial reports and ledgers prepared by the Treasurer.

Use of Signature Stamps

The Board of Education passes a resolution annually at the Reorganizational meeting in July authorizing the Treasurer, the Board President and the Board Vice-President to sign all District checks. The authorized check signers informed us that they used a rubber facsimile stamp to sign the payroll and disbursement checks during our audit period. These officials told us that they maintained possession of their own stamp and that no other District representative utilized their stamp to sign checks. We note that the new Treasurer manually signed checks in July and August 2004; but she currently affixes her signature with a signature stamp.

Given the relative ease with which a person can replicate a rubber stamp, the risk of the unauthorized disbursement of cash occurring is increased when these stamps exist and are allowed to be used.

Recommendations

1. If the School District is without an internal claims auditor in the future, the Board of Education should conduct a thorough audit of claims prior to approving them for payment.

2. The Board of Education should pursue collections of past due cash advances and/or the submission of itemized receipts from all former and current Board members who have overdue outstanding cash advances. The Board of Education and its managers should also begin enforcing the District's policy on cash advances by requiring Board members to account for their cash advances no later than forty-five days after returning from approved conferences or training. Board members should not be entitled to new cash advances until they have settled all prior advances as required by the policy.
3. The Board of Education and its managers should conduct a cost-benefit assessment of its cellular telephones. As part of this assessment, they should determine which types of cellular telephone plans the School District should provide to each position needing a telephone. After performing the cost-benefit analysis, the Board of Education should amend their current written telecommunications policy to identify which positions require a School District cellular telephone and to update it for any other needed changes. In addition, the Board of Education and its managers should monitor compliance with the policy and enforce the provision to identify personal calls and obtain reimbursements for such expenses.
4. The Board of Education should ensure that it authorizes all salaries and benefits in a public meeting. Such authorization should be in place before the compensation and fringe benefits are provided. The District should not pay compensation or provide benefits that have not been approved by the Board of Education.
5. The Board of Education should determine the appropriateness of the compensation and fringe benefits provided to managers without its formal authorization. If the compensation or fringe benefits are determined to be improper, the Board of Education should consider actions to recover the costs incurred by the District.
6. The Board of Education should consider establishing reasonable maximum per diem rates for lodging that officials can not exceed, without approval, to safeguard public funds.
7. The Board of Education should monitor compliance with the recently adopted policy regarding meal expenses incurred during District meetings. The Board should review and update this policy to meet the changing needs and priorities of the School District.
8. District officials should discontinue the use of rubber facsimile signature stamps to sign District checks. Checks should be personally signed by hand or, if authorized by the Board of Education, with the controlled use of a mechanical check signer.

It is your responsibility, as School District officials, to formulate a plan of action by assessing risks, designing control procedures that address the identified risks in a cost effective way and determining how to address deficiencies best. This plan of action should be available for public review in the office of the School District Clerk and the Office of the State Comptroller. See the attached document for additional information on filing a corrective action plan. Our Office is available to assist you upon request. If you have any further questions, please contact Associate Examiner Lori Coleman at 315-428-4192 or dcoleman@osc.state.ny.us

Sincerely,

Steven J. Hancox
Assistant Comptroller

APPENDIX A

TAXPAYER COMPLAINTS

We reviewed the following complaints from taxpayers that pertained to the scope of our examination.

1. a) We received a letter telling us that “School Board members Talbert and Crawford go to Reno, Nevada, for a conference on school money” and that “Board member Talbert goes to Africa on school money.”

Audit Conclusion: During the period covered by our audit, we noted one instance of travel to a conference in Reno, Nevada. The District reimbursed Superintendent Sherman Roberts for travel to a National Association of Black School Educators conference in Reno from November 17 – 23, 2003. We found no indication Board members Talbert or Crawford traveled to Reno for a conference during our audit period. In addition, we did not note any reimbursements to Board member Talbert or any payments to vendors for travel to Africa during our audit period.

- b) This same tax payer also stated that “Superintendent Roberts almost monthly goes to Florida for one to two weeks at a time.”

Audit Conclusion: As part of his employment contract, Dr. Roberts was granted 25 vacation days and 3 personal days during both the 2002-03 and 2003-04 school years. In addition, he carried over a balance of 11 unused vacation days from the 2001-02 school year. Our examination of leave records disclosed that Dr. Roberts used a total of 48 vacation and personal leave days during the 2002-03 and 2003-04 school years and that his leave usage did not exceed his available leave balances.

2. We received an e-mail from a taxpayer indicating that “current Board of Education President Sam Burnett uses the district truck for his own business.”

Audit Conclusion: The School District has a passenger van that is generally used by the messenger to travel between school buildings. Although a usage record for this van was not maintained during most of our audit period, we noted one instance where Mr. Burnett used the school’s van for travel to a Board approved meeting. In April 2004, Mr. Burnett drove the van to Albany for a meeting with the State Education Department. In July 2004, the District implemented controls over the usage of the van by creating a sign-out log that is maintained by the security department.

APPENDIX B

RESPONSE FROM SCHOOL DISTRICT OFFICIALS

The school district officials' response to this audit can be found on the following pages.

WYANDANCH UNION FREE SCHOOL DISTRICT

Central Administration Building
1445 Dr. Martin L. King, Jr., Boulevard
Wyandanch, New York 11798-3997

BOARD OF EDUCATION

Bishop Michael V. Talbert, President
Sister Sakinah Kareem, Vice President
Denise Baines, Trustee
Shirley Baker, Trustee
Samuel Burnett, Trustee
James Crawford, Trustee
Barry White, Trustee

Betty Jo Joynes
District Clerk
631 491-1001
Fax 631 643-3506

DISTRICT MAIN
(AUTOMATED DIRECTORY)
631 491-1013

CENTRAL ADMINISTRATION

Dr. Frank R. Satchel, Jr.
Superintendent of Schools
631 491-1012
Fax 631 491-3032

Dr. Gertrude Karabas
Director of Curriculum & Instruction
631 491-1016
Fax 631 491-1060

Calvin Wilson
Director of Finance
631 491-1002
Fax 631 253-0522

James P. Lull
Director of Human Resources
631 491-1004
Fax 631 643-0527

Sally Neumann
Director of Technology
631 643-0628
Fax 631 491-1060

SCHOOLS

Wyandanch Memorial High School
54 South 32nd Street
Dr. Larry H. Spruill, Principal
631 491-1022
Fax 631 491-1728

Milton L. Olive Middle School
140 Garden City Avenue
Gina Talbert, Principal
631 491-1047
Fax 631 491-1917

Martin L. King Jr. Elementary School
792 Mount Avenue
Dr. Darlene White, Principal
631 491-1041
Fax 631 491-3237

LaFrancis Hardiman Elementary School
792 Mount Avenue
Delores Jenkins, Principal
631 491-5640
Fax 631 491-1480

October 19, 2005

Office of the State Comptroller

State Office Building Room 409
333 East Washington Street
Syracuse, New York 13202

Dear Ladies and Gentleman:

The Wyandanch Union Free School District's Board of Education, its Superintendent of Schools, and the entire Wyandanch community are sincerely appreciative of the efforts and the resulting product of the audit team from the Office of the State Comptroller. All members of the audit team performed at the highest level of professionalism, and performed a valuable service to our school district.

This audit report provides reassurance to the Wyandanch community that criminal improprieties that existed in other school districts does not exist in Wyandanch, that notwithstanding, the school district will continue to work diligently to further strengthen our procedures and will implement all the recommendations contained in this report.


While the school district does not dispute any of the audit report's findings, and pledge ourselves to fully implement each of the eight (8) recommendations, we believe the following items are in need of additional comments:

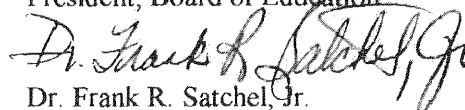
1. The school district agrees that an Internal Claims Auditor is most desirable, and with the exception of an eight-month vacancy caused by a resignation, we have maintained an individual in that position. During that eight-month vacancy the school district thought it was acting appropriately but now understands how it must conduct its business should a vacancy occur in the future.
2. The school district will continue to make every reasonable effort to collect outstanding cash advances using a cost-benefit approach, and pledges to enforce its existing policy on cash advances.

3. Within 90 days the school district will have completed a cost- benefit assessment of its cellular telephone packages, and determine which type of cellular plan is best suited for each user. The school district will also within the 90-day time period amend its policy to identify which positions require a school district cell phone.
4. The school district acknowledges that it failed to incorporate the salary of its Interim Superintendent of Schools for the 2003/2004 school year in its appointing resolution. This was an oversight. While the Interim Superintendent's salary has always been a matter of public record, and while the salary paid to the Interim Superintendent was several thousand dollars less than paid to his immediate predecessor, the fact remains that it should have been approved in a public meeting of the Board of Education and incorporated in its official minutes. Also, the retired Superintendent who received post-retirement health benefits outside of his contract has been notified that his health benefits will be discontinued.
5. Within 90 days the school district will review, propose and adopt a policy establishing a reasonable per diem rate for lodging.
6. The school district discontinued the use of rubber facsimile signature stamps effective July 1, 2005.

We again appreciate and accept the constructive comments and recommendations put forth by the audit team.

Sincerely,


Bishop Michael V. Talbert
President, Board of Education


Dr. Frank R. Satchel, Jr.
Superintendent of Schools