



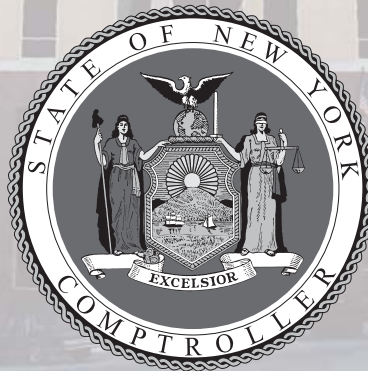
# Belfast Central School District Internal Controls Over Selected Financial Operations

Report of Examination

Period Covered:

July 1, 2006 — July 31, 2008

2008M-215



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## Division of Local Government and School Accountability

December 2008

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Belfast Central School District, entitled Internal Controls Over Selected Financial Operations. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*



## State of New York Office of the State Comptroller

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# EXECUTIVE SUMMARY

The Belfast Central School District (District) is located in the Towns of Allen, Angelica, Belfast, Caneadea and New Hudson, all in Allegany County. The District is governed by the Board of Education (Board) which comprises seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs, which includes approving the salaries and additional stipends payable to District employees. The Superintendent of Schools (Superintendent) is the chief executive officer of the District and is responsible for the day-to-day management of the District. The Treasurer oversees the processing of the District's payroll.

### **Scope and Objective**

The objective of our audit was to examine internal controls over selected financial operations for the period of July 1, 2006 through July 31, 2008. Our audit addressed the following related questions:

- Are internal controls over payroll appropriately designed and operating effectively?
- Do Board of Education members have a prohibited interest in contracts with the District?
- Has the District appropriately established the internal audit function?

### **Audit Results**

The Board did not establish appropriate policies and procedures over payroll or interests in contracts. It also provided negligible oversight of the payroll process and failed to post the conflict of interest provisions of General Municipal Law in a conspicuous place. Further, the internal auditor hired by the Board had an independence impairment.

The District improperly compensated two employees by approximately \$19,873. We also found that the Treasurer improperly calculated health insurance stipends and, as a result, six employees were overpaid by a total of \$6,292. In addition, two employees were paid a total of \$7,489 for health insurance stipends that they were not eligible to receive. Employees who benefited from these payments included the Information Technology (IT) Coordinator (\$17,873), the Secretary to the Building Principal (\$4,981), an account clerk (\$2,532) and the District Clerk (\$2,508).

A Board member had a prohibited interest in contracts between the School District and a grocery store in which the Board member had a 50 percent ownership interest. During the 2006-07 fiscal year, the District paid over \$3,200 to this business.

The BOCES employee serving as the District's internal auditor is not independent in performing the District's internal audit function. This arrangement is likely to put this individual, as a BOCES employee, in the position of evaluating significant District services or programs that are provided to the District by BOCES, the individual's employer.

**Comments of District Officials**

The results of our audit and recommendations have been discussed with District officials and their comments, which appear in Appendix A, have been considered in preparing this report. District officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

# Introduction

## Background

The Belfast Central School District (District) is located in the Towns of Allen, Angelica, Belfast, Caneadea and New Hudson, all in Allegany County. The District is governed by the Board of Education (Board) which comprises seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs, which includes approving the salaries and additional stipends payable to District employees. The Superintendent of Schools (Superintendent) is the chief executive officer of the District and is responsible for the day-to-day management of the District.

There is one school in operation within the District, with approximately 430 students and 80 employees. The District's budgeted expenditures for the 2007-08 fiscal year were approximately \$7.1 million, which were funded primarily with State aid, real property taxes, and Federal and State grants.

The District compensates its officials and employees based on terms and conditions set forth in negotiated collective bargaining agreements and contracts of employment. These documents describe, among other things, the required days to be worked (work year), salary levels, health insurance buyout options and eligibility requirements, and stipends to be paid for serving as an Extra Classroom Activity (ECA) advisor and participating in athletic activities. At the start of the school year, the Superintendent meets with each employee and explains their compensation for the upcoming year. Each employee also signs a "salary agreement" which identifies his or her compensation. The Superintendent, who certifies each payroll, and the District Treasurer, who oversees the payroll process, are responsible for ensuring that employees only receive compensation to which they are entitled.

## Objective

The objective of our audit was to examine internal controls over selected District operations for the period of July 1, 2006 through July 31, 2008. Our audit addressed the following related questions:

- Are internal controls over payroll appropriately designed and operating effectively?
- Do Board of Education members have a prohibited interest in contracts with the District?
- Has the District appropriately established the internal audit function?

**Scope and  
Methodology**

We examined internal controls over payroll, interests in contracts and the internal audit function for the period July 1, 2006 to July 31, 2008.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report.

**Comments of District  
Officials and Corrective  
Action**

The results of our audit and recommendations have been discussed with District officials and their comments, which appear in Appendix A, have been considered in preparing this report. District officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

The Board has the responsibility to initiate corrective action. Pursuant to Section 35 of the General Municipal Law, Section 2116-a (3)(c) of the Education Law and Section 170.12 of the Regulations of the Commissioner of Education, a written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and forwarded to our office within 90 days. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The Board should make the CAP available for public review in the District Clerk's office.

## Payroll

Payroll expenditures are, and will continue to be, a significant cost for District taxpayers. Therefore, adequate internal controls are required to ensure that employees are paid at the appropriate rate. The Board is responsible for adopting policies and procedures for payroll that ensure employees receive only the compensation to which they are entitled. Proper internal controls should include, among other things, written job descriptions for various payroll-processing positions; the use of time records to support time worked, especially for part-time employees and employees who work overtime; and a system to ensure that employees are paid only upon proper authorization.

Internal controls over payroll were not properly designed or operating effectively. The Board did not adopt any written policies indicating the need to maintain time records to support time worked. Employees, who were provided additional compensation for working more time than expected, did not prepare adequate time records to support the amounts paid. There were no written job descriptions for various payroll-processing positions. An official or employee independent of the payroll process was not assigned to compare the salary listed on the signed “salary agreement” with the actual amount paid to the employee. Finally, the Superintendent and the Treasurer have the ability to authorize and pay additional salary stipends to employees without any oversight by the Board. For example, the Treasurer determines the eligibility and amounts paid for health insurance buyout stipends with little oversight by the Superintendent or the Board.

We compared the salary agreements for 18 employees to the salary provisions in the applicable employment contract and noted no exceptions. However, when we compared the amounts included in these salary agreements to the actual amounts paid, we found that the District improperly compensated two of the 18 employees by approximately \$19,873. We also recalculated and compared health insurance stipends paid to 15 employees to amounts provided in the negotiated contracts and found that six of the 15 employees tested were overpaid by \$6,292. Furthermore, two employees were paid a total of \$7,489 for health insurance stipends that they were not eligible to receive. Employees who benefited from these payments included the Information Technology (IT) Coordinator (\$17,873), the secretary to the Building Principal (\$4,981), an account clerk (\$2,532) and the District Clerk (\$2,508).

Improper Compensation — In 2006, the IT Coordinator was paid \$5,593 and an account clerk was paid \$2,000 from a Reading First

grant. The Treasurer stated this additional compensation was for extra time the two employees worked on the Federally-funded program and that the program coordinator, who is no longer employed by the District, determined the amount that each employee was paid. Neither payment was supported by documentation, such as a time record, to show that the employees worked any extra time to warrant the additional compensation, nor was there any evidence provided indicating how this additional compensation was determined. Available records indicate the Treasurer, and not the Board, authorized this compensation.

The IT Coordinator position is included in the Teachers Association contract even though it is non-instructional. This contract states that the required work year for this position is 204 days: 184 days during the school year and 20 days during the summer months. The contract does not provide for additional compensation for the 20 days to be worked in the summer months, since it is included in the salary amount. However, the Treasurer paid the IT Coordinator additional compensation for 20 days worked in the summer. Further, when calculating the extra payments for the 20 days, the Treasurer divided the board approved base salary by 184 days instead of the 204 days. We determined that the IT coordinator was overpaid by \$9,805 between July 1, 2006 and July 31, 2008.

The collective bargaining agreement with the Belfast Teachers Association includes a list of club/class activities and a corresponding amount that will be paid to the staff member who serves as the faculty advisor for each. Not all of the clubs and activities listed take place each year, as only those approved annually by the Board are authorized to organize. From July 1, 2006 to June 30, 2008, 36 advisor payments totaling over \$36,800 were made to faculty members. Two of the 36 payments, totaling \$2,475, were made to the IT Coordinator. However, the Extra Classroom Activity (ECA) Treasurer stated that the IT Coordinator was not a club advisor either year. The ECA Treasurer informed us she did not know why this stipend was paid to the IT Coordinator. While the list of possible ECA activities does include a “Technology Coordinator” stipend, no club or activity for students centered on technology took place either fiscal year. These payments were approved by the Treasurer in one instance and the Superintendent in the other. The Treasurer and Superintendent told us that they approved the payments because they felt the IT coordinator did a lot of work for the extra classroom activities. Neither payment was approved by the Board-appointed ECA auditor, as with the other ECA stipends paid, nor was there any evidence in the Board minutes authorizing these payments.

Health Insurance Salary Stipends — District employees are eligible to receive health insurance stipends if they meet certain conditions.

First, if an employee chooses not to participate in one of the District's health insurance plans, he or she can receive a cash payment known as a "buyout." Secondly, if an employee selects a less expensive health plan which results in savings for the District, the District will share the savings with the employee. The amount of the payment for either of these options is indicated in the applicable negotiated agreement.

We tested 30 health insurance stipends paid to 15 District employees from July 1, 2006 to June 30, 2008, totaling over \$66,800. The Treasurer incorrectly calculated 12 of these health insurance stipends, which resulted in overpayments to six employees, totaling \$6,292.<sup>1</sup> In addition, two payments totaling \$4,981 were made to the secretary to the building principal, and one payment for \$2,508 was made to the District Clerk even though they did not meet the eligibility criteria defined in the Board approved employment contracts,<sup>2</sup> and therefore should not have been paid.

Athletic Salary Stipends — Each year the Board approves all District personnel who have applied for and will serve as athletic coaches or score/time keepers. The amount of an athletic salary stipend varies by activity and can be found in the Teachers' Association contract. We tested 16 payments made to District personnel for the fiscal years 2006-07 and 2007-08 totaling over \$67,400 and found no inaccuracies in the calculations of amounts paid.

## Recommendations

1. The Board should adopt comprehensive policies and procedures for the payroll process. These policies should include when time records should be prepared to support time worked, and a system to ensure that District employees are paid only upon proper authorization.
2. District officials should review the compensation paid to District employees and seek to recover the overpayments as necessary.
3. The Board should periodically compare salary agreements with payroll records to determine if employees are receiving appropriate salary payments.

<sup>1</sup> The \$6,292 includes \$532 paid to an account clerk, who was also improperly compensated \$2,000 from the Reading First Grant.

<sup>2</sup> The 2006-07 Managerial Confidential contract contained no provision for a health insurance "buyout." A provision allowing a health insurance buyout was added to the contract for the 2007-08 fiscal year, making the District Clerk eligible for the payment beginning in that year. However, it clearly states the principal's secretary is to follow the School Related Personnel (SRP) association contract for eligibility and payment amounts. This contract states "the stipend is not available to a husband and wife team when both are employed by the District." Currently, the Treasurer and his wife are the only employees receiving both a "shared savings" and a health "buyout" payment from the District.

4. The Board should verify that only those employees approved by the Board to receive ECA stipends actually receive ECA stipends.
5. The Board should verify that only those employees eligible for health insurance stipends receive such stipends and that the amounts paid are calculated in accordance with the terms of negotiated contracts.

## Interest in Contracts

During the 2006-07 fiscal year the District paid over \$3,200<sup>3</sup> to a grocery store in which a current Board member has a 50 percent ownership interest. This Board member was first elected to the Board in July 2006.

General Municipal Law, Article 18 addresses conflicts of interest of municipal officers and employees, including school board members. Unless a statutory exception applies, school board members are prohibited from having an interest in any contract with the school district for which they serve. None of the statutory exceptions appear to be applicable in this instance. Therefore, the Board member in question had an interest in contracts with the school district which is prohibited by Article 18.

The Superintendent is also required by Article 18 of the General Municipal Law (GML) to post a copy of the conflict of interest provisions in a conspicuous public place for review by District officers and employees. We inspected many public areas of the school and asked District officials about the posting. No one we asked knew if it had been done or, if it was done, where the posting was located. The Superintendent was not aware of the requirement to post the conflict of interest provisions of Article 18 of the GML.

The Board member indicated that she was not aware of the applicable provisions of General Municipal Law or that being elected to the Board of Education could result in a conflict of interest. The Treasurer informed us that this grocery store was used because it was the only one located within the District and that additional costs would be incurred if officials needed to travel further for supplies.

While all purchases we reviewed appeared to be appropriate District expenditures, District officials, who in their private capacities conduct business with the school district in which they serve, cause the public to question the appropriateness of the transactions and can create the appearance of impropriety.

### Recommendations

6. The Superintendent should post the conflict of interest provisions in a conspicuous public place in the District and consider

<sup>3</sup> The District also paid \$3,200 to the grocery store in the 2005-06 fiscal year and \$3,057 to the grocery store in the 2007-08 fiscal year.

circulating an annual e-mail to inform officials and employees of their responsibilities relative to interests in contracts.

7. The Board and Business Office officials should familiarize themselves with General Municipal Law, Article 18 and strictly abide by its provisions.

## Internal Auditor

By law, school districts are required to have an internal audit function that includes, at a minimum, the development of a risk assessment of district operations. The risk assessment should include a review of financial policies, procedures and practices; an annual review and update of such risk assessment; and annual testing and evaluation of one or more areas of the district's internal controls. The internal auditor is also required to prepare reports (at least annually or more frequently as the Board may direct) that analyze significant risk assessment findings, recommend changes for strengthening controls and reducing identified risks, and specify timeframes for implementation of such recommendations.

A district may use its own employees, inter-municipal cooperative agreements, shared services to the extent authorized by Education Law, or independent contractors to fulfill the internal audit function. The internal auditor must have professional auditing qualifications and be independent of other district functions; must have no other responsibilities related to district business operations; and cannot be a family member of an employee, officer, or contractor providing significant or material services to the district. In addition, an individual or consultant hired for the internal audit function may not have a significant or material interest in any other contracts with the district.

The District entered into an inter-municipal agreement with 17 other school districts and the Cattaraugus-Allegany Board of Cooperative Educational Services (BOCES) to provide for the internal audit function beginning December 18, 2006. The agreement stipulates "the jointly employed internal auditor shall be considered an employee of BOCES for purposes of payroll administration and benefits."

For 2007-08, the District budgeted to spend approximately \$1.2 million on services provided by the BOCES. Based on the material nature of these payments by the District to the BOCES, the BOCES employee serving as the internal auditor is not independent in performing the District's internal audit function. This current arrangement is likely to put this individual, as a BOCES employee, in the position of evaluating significant District services or programs that are provided to the District by BOCES, the individual's employer. The individual may also be required to audit the system of documentation for the District's payments to BOCES, the individual's employer.

**Recommendation**

8. The Board should terminate the internal audit relationship with the Cattaraugus-Allegany BOCES and replace this position with an internal auditor who meets the independence requirements in Education Law and State Education Department guidance.

## **APPENDIX A**

### **RESPONSE FROM DISTRICT OFFICIALS**

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



# Belfast Central School District

1 KING STREET • BELFAST, NEW YORK 14711  
PHONE: (585) 365-2646 • FAX: (585) 365-2648

November 25, 2008

Robert Meller, Chief Examiner  
Office of the State Comptroller  
Division of Local Government and School Accountability  
295 Main Street, Room 1032  
Buffalo, NY 14203-2510

Dear Mr. Meller,

On behalf of the Board of Education, we are most appreciative of the State Auditors' recommendations and evaluations. Please accept this letter as the official response from Belfast Central School District regarding the Draft Audit Report on "Internal Controls over Selected Financial Operations" conducted by your office. This letter will present the District's response to the recommendations in the same order as they appear in the audit report.

## Payroll

**Recommendation #1** – The Board should adopt comprehensive policies and procedures for the payroll process. These policies should include when time records should be prepared to support time worked, and a system to ensure that District employees are paid only upon proper authorization.

**District Response** – The District has been in the process of updating its administrative and policy manuals. During this process we have been reviewing our individual procedures and evaluating which procedures need to be revised. Many of these procedures have already been implemented during and after the audit. We also realize that the Board of Education and Administration need to examine additional possible changes and enhancements to the policies and procedures applicable to payroll to strengthen our internal controls.

**Recommendation #2** – District officials should review the compensation paid to District employees and seek to recover the overpayments as necessary.

### **BOARD OF EDUCATION**

Richard Hull, Jr., *President*  
Mark Alessi, *Vice President*  
Patricia Chamberlain  
Rose Fleming  
Randa Harrington  
Janine Preston  
William Tucker  
Eileen Ostrander, *Clerk*

### **ADMINISTRATION**

Judy L. May  
*Superintendent/K-4 Principal*  
Jennifer L. Amos  
*5-12 Principal/Curriculum Coordinator*  
Robert J. Lingenfelter  
*Business Manager/District Treasurer*

**District Response** – Upon review of the audit, the Board of Education and Administration do see areas of the contract that do need better language. We have reviewed each of the potential overpayments mentioned in the audit and have determined that, while various wordings in the contract could be looked at and interpreted with different meanings, the payments made through payroll were following the original intent of the contract. The Board of Education and Administration will work with the various unions to rewrite the language in the contracts to better illustrate the intent of the language.

**Recommendation #3** – The Board should periodically compare salary agreements with payroll records to determine if employees are receiving appropriate salary payments.

**District Response** – Prior to the audit, two individuals have been reviewing the comparison of salary agreements to actual payroll records to verify that the information has been correct and the Superintendent reviewed the individual payroll registers to look for inconsistencies in the payments. While we felt this procedure has protected the District's interest, we will look at other options that are more closely related to the Board of Education.

**Recommendation #4** – The Board should verify that only those employees approved by the Board to receive ECA stipends actually receive ECA stipends.

**District Response** – The administration does agree with the state that the one ECA payment mentioned in the report was not taken to the Board of Education for approval. It was a part of the contract ratified by the Board of Education, but the individual who served in the position was not approved by the Board of Education. It was the only position that was left off a list of advisors that went before the board each year. Prior to the receipt of this report, we have already corrected the problem for the current year and it will now continue to be on the annual list of approvals. The auditor also mentioned that the IT coordinator was paid an ECA stipend without working for an actual club or activity for students. While it is true we did not have an actual technology club, the IT coordinator did work extensively with students in various projects that were technology related (i.e.: graduation slide show, technology for drama performances, etc.).

**Recommendation #5** – The Board should verify that only those employees eligible for health insurance stipends receive such stipends and that the amounts paid are calculated in accordance with the terms of negotiated contracts.

**District Response** – As with recommendation #2, the Board has reviewed the payments in question and believe that the payments were made with the original intent of the contract. The language in the contract is vague enough to be interpreted two different ways. We still believe that the calculations we used were accurate, but this is one area in which we will work with the union in rewriting the language to be more specific. Contract language was also the

issue with employee eligibility for health insurance stipends. The District realized that the contract wording needed to be addressed prior to the state audit and we did try to fix that. Unfortunately, the fix that we put into the contract only confused the issue more. We will continue to review this and come up with more specific language that will address the issue.

### **Interests in Contracts**

**Recommendation #6** – The Superintendent should post the conflict of interest provisions in a conspicuous place in the District and consider circulating an annual e-mail to inform officials and employees of their responsibilities relative to interest in contracts.

**District Response** – The District was unaware of this requirement until it was brought to our attention. Since the audit, we have posted the notice on several bulletin boards used by the staff and have also added it to our administrative manual that is given to the staff and Board of Education at the beginning of each school year.

**Recommendation #7** – The Board and Business Office officials should familiarize themselves with General Municipal Law, Article 18 and strictly abide by its provisions.

**District Response** – The Board of Education and administrative staff have reviewed General Municipal Law, Article 18. As the auditor mentioned in his report, the purchases made from the local grocery store appeared to be appropriate and the amounts paid to the grocery store have actually declined since the board member has joined the board. We do realize that public perception could be negative in this respect but as mentioned in the report, it would cost substantially more to travel to a neighboring town to buy the products. We will do the formal process of getting quotes to show that the purchases are being made in the most economical location.

### **Internal Audit Function**

**Recommendation #8** – The Board should terminate the internal audit relationship with the Cattaraugus-Allegany BOCES and replace this position with an internal auditor who meets the independence requirements in Education Law and State Education Department guidance.

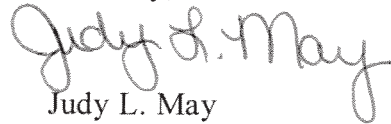
**District Response** – Our BOCES has been actively trying to find a solution to this ongoing problem. The Regents Committee has complimented various BOCES for taking this approach as it is the most cost efficient way for districts to meet the requirement and we are trying to save our taxpayers money. Our BOCES has recently been pursuing a model used by another BOCES in which the Internal Auditor hired by BOCES is reviewing all district activity except for the BOCES billing. We will continue to work with BOCES to come up with a solution that is good for everyone; especially the taxpayers.

Mr. Robert Meller, Chief Examiner

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We would like to thank your office for the recommendations and the beneficial approach in which the audit was carried out. This audit has provided us with the opportunity to enhance the internal financial controls of the district.

Sincerely,

A handwritten signature in cursive script that reads "Judy L. May". The signature is written in black ink and is positioned above the printed name and title.

Judy L. May  
Superintendent

## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

Our overall goal was to assess the adequacy of the internal controls put in place by officials to safeguard District assets. To accomplish this, we performed an initial assessment of the internal controls so that we could design our audit to focus on those areas most at risk. Our initial assessment included evaluations of the following areas: financial oversight, cash receipts and disbursements, purchasing, information technology, and payroll and personal services.

During the initial assessment, we interviewed appropriate District officials, performed limited tests of transactions and reviewed pertinent documents, such as District policies and procedures manuals, Board minutes, and financial records and reports. In addition, we obtained information directly from the computerized financial databases and then analyzed it electronically using computer-assisted techniques. This approach provided us with additional information about the District's financial transactions as recorded in its databases. Further, we reviewed the District's internal controls and procedures over the computerized financial databases to help ensure that the information produced by such systems was reliable.

After reviewing the information gathered during our initial assessment, we determined where weaknesses existed, and evaluated those weaknesses for the risk of potential fraud, theft and/or professional misconduct. We then decided upon the reported objectives and scope by selecting for audit those areas most at risk. We selected payroll, interest in contracts, and the internal audit function for further audit testing.

For payroll, we reviewed the terms and conditions of negotiated collective bargaining agreements and contracts of employment. We selected 18 District employees and tested to see if salary payments made between July 1, 2006 and June 30, 2008 were accurate and supported. This included testing employees who received extra curricular activity (ECA) stipends and athletic stipends. In addition, we also tested 15 employees who were paid health insurance stipends.

For interests in contracts we reviewed policy manuals and procedures as they pertained to conflicts of interest. We also provided each Board member, the Superintendent, and the Treasurer with a letter requesting private employment data and disclosure of any business activity between the official and the District. We reviewed cash disbursements records for payments to businesses in which Board members had an interest.

For the internal audit function, we reviewed the contractual relationship, documented total expenditures for services provided by the BOCES, and evaluated whether potential independence issues exist by reviewing guidance promulgated by the New York State Education Department.

We conducted our performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## APPENDIX C

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