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January 14, 2010

Mr. Richard Rose, Superintendent
Members of the Board of Education
Canajoharie Central School District
136 Scholastic Way
Canajoharie, NY 13317

Report Number: 2006M-110-F

Dear Superintendent Rose and Members of the Board of Education:

One of the Office of the State Comptroller's primary objectives is to identify areas where local government officials can improve their operations and provide guidance and services that will assist them in making those improvements. Further objectives are to develop and promote short-term and long-term strategies to enable and encourage school district officials to reduce costs, improve service delivery and to account for and protect their district's assets. In accordance with these objectives, we conducted an audit of Canajoharie Central School District to assess the financial operations of the District. As a result of our audit, we issued a report, dated November 2006, identifying certain conditions and opportunities for school district management's review and consideration.

To further our policy of providing assistance to local governments, we revisited the Canajoharie Central School District on October 6, 2009 to review the District's progress in implementing our recommendations. Our follow-up review was limited to interviews with School District personnel and inspection of certain documents related to the issues identified in our report. Based on those procedures, it appears that the School District has made progress in implementing our recommendations. Of the six audit recommendations, three recommendations were fully implemented, one recommendation was partially implemented, and two recommendations were not implemented.

Recommendation 1 – Electronic Equipment Inventories

The Board should establish a comprehensive inventory policy that communicates its objectives concerning the duties, records and procedures required for protecting the District's inventory of electronic equipment. The policy should, at a minimum, address procedures for the maintenance of records needed to document acquisitions, dispositions, and transfers of electronic equipment.

Status of Corrective Action: Fully Implemented

Observations/Findings: The Board adopted a comprehensive inventory policy on November 12, 2009. The policy includes provisions related to the assignment of duties, requirements for the maintenance of records and procedures for the inventory of

equipment. The policy also requires that the school Business Official arrange for an annual inventory of equipment.

Recommendation 2 – Electronic Equipment Inventories

A comprehensive inventory of electronic equipment should be completed and maintained on a perpetual basis. Physical inventories should be conducted periodically and the results compared with the information in the perpetual inventory records. Any differences should be promptly investigated and resolved.

Status of Corrective Action: Partially Implemented

Observations/Findings: The District contracted for a comprehensive inventory at the end of the 2008-2009 fiscal year. District employees conduct a physical inventory of equipment annually. We tested 10 pieces of equipment from the inventory list maintained by the District and found that five of the 10 items had been disposed of, but were still included on the inventory list. By implementing procedures to ensure that the inventory of electronic equipment is updated on a perpetual basis, the risk that equipment will be misplaced or improperly removed from District grounds without detection will be reduced.

Recommendation 3 – Electronic Equipment Inventories

Each piece of electronic equipment should be assigned an identification number and tag. Whenever possible, the name of the District should be prominently displayed on property and equipment.

Status of Corrective Action: Not Implemented

Observations/Findings: We reviewed 10 pieces of electronic equipment and found that none had been assigned identification numbers or tags. The superintendent confirmed that the equipment had not been tagged.

Recommendation 4 – Electronic Equipment Inventories

The Board should establish a policy detailing the procedures for disposing of old electronic equipment to ensure that any such distribution is legally authorized, in the best interest of the District, and done in a fair and equitable manner.

Status of Corrective Action: Not Implemented

Observations/Findings: The District has not established a policy detailing procedures for disposing of old electronic equipment. A policy specifying equipment disposal would assist the District in the proper removal of equipment and in the update of inventory records.

Recommendation 5 – Employee Reimbursements

The Board should establish a policy governing reimbursements of expenses incurred by employees. The policy should address the types of expenses employees can be reimbursed for and the amounts that the District will reimburse employees for items such as lodging, travel, and meals.

Status of Corrective Action: Fully Implemented

Observations/Findings: The Board adopted a Conference and Travel reimbursement policy and a Meals and Refreshments policy on November 12. The policies include provisions addressing the types of expenses employees can be reimbursed for and the amounts that will be reimbursed for items such as lodging, travel, and meals.

Recommendation 6 – Employee Reimbursements

The policy should require that all submittals for reimbursement be accompanied by the appropriate documentation, including itemized receipts.

Status of Corrective Action: Fully Implemented

Observations/Findings: The policies adopted by the Board require all submittals for reimbursement to include itemized receipts and approved conference request forms. We reviewed 10 reimbursements to determine if the appropriate documentation was included and found no exceptions.

During our review, we discussed the basis for our recommendations and the operational considerations relating to these issues. We encourage you to continue with your efforts to implement our recommended improvements in your fiscal management.

I trust that our follow-up review was of assistance to you. If you have any further questions, please contact Karl Smoczynski at 518-793-0057.

Sincerely,

Steven J. Hancox
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