



THOMAS P. DiNAPOLI
COMPTROLLER

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER
110 STATE STREET
ALBANY, NEW YORK 12236

STEVEN J. HANCOX
DEPUTY COMPTROLLER
DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY
Tel: (518) 474-4037 Fax: (518) 486-6479

January 14, 2010

Ms. Ileana Eckert, Superintendent of Schools
Members of the Board of Education
Haverstraw-Stony Point Central School District
65 Chapel Street
Garnerville, NY 10923

Report Number: 2007M-38-F

Dear Superintendent Eckert 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 the Haverstraw-Stony Point Central School District (District) to assess the financial operations of the District. As a result of our audit, we issued a report, dated June 2007, identifying certain conditions and opportunities for District management's review and consideration.

To further our policy of providing assistance to local governments, we revisited the Haverstraw-Stony Point Central School District in August 2009 to review its progress in implementing our recommendations. Our follow-up review was limited to interviews with District personnel and inspection of certain documents related to the issues identified in our report. Based on our limited procedures, it appears that the District has made substantial progress in taking corrective action. Of the eight audit recommendations, five recommendations were fully implemented, one recommendation was partially implemented, and one recommendation was not implemented. The remaining recommendation was not applicable under the present circumstances.

Recommendation 1 – Professional Services

The Board should enter into written agreements or pass resolutions for professional services detailing the services to be provided and the compensation for those services.

Status of Corrective Action: Fully Implemented

Observations/Findings: We reviewed Board resolutions and reorganization minutes, retainer agreements for attorneys, detailed rates, and sample bills. We examined three

payments, totaling \$142,997, made to two attorneys and verified that the Board had entered into written agreements with the attorneys detailing the services to be provided and the compensation for those services. These payments were in compliance with the written agreements.

Recommendation 2 – Reimbursement of Expenses

The Board should ensure that reimbursements of expense claims are not approved without suitable evidence.

Status of Corrective Action: Fully Implemented

Observations/Findings: During our initial audit period, the District used the service of an attorney for a major litigation. The finding in our initial audit report related to the reimbursement of the attorney’s expenses. During the period of our follow-up review, the attorney’s service was no longer being used. The District paid only one expense reimbursement during our follow-up review. We reviewed the supporting documentation for that reimbursement and found it to be sufficient.

Recommendation 3 – Competitive Bidding

The Internal Claims Auditor should ensure that all acquisitions of goods and services are made pursuant to the provisions of competitive bidding laws and District procedures.

Status of Corrective Action: Fully Implemented

Observations/Findings: The District outsourced its bid work to a consultant who uses a cooperative purchasing system to administer the bidding process for participating school districts. We examined two purchases requiring competitive bidding – one for general supplies costing \$94,129 and the other for custodial supplies costing \$118,270 – and verified that the District made the purchases through the cooperative. The consultant provided a list of two potential vendors for general supplies and 33 potential vendors for custodial supplies. We verified that the District selected the lowest bid in both cases.

Recommendation 4 – Competitive Bidding – Change Orders

The Internal Claims Auditor should ensure that competitive bids are solicited for change orders that represent a major change to original plans.

Status of Corrective Action: Not Applicable

Observations/Findings: The District was not involved in any activity similar to what occurred during the audit period. There were no change orders of the magnitude that existed then because capital projects activity was non-existent during our follow-up audit. Therefore, there was no similar activity to compare and assess corrective action.

Recommendation 5 – Segregation of Duties – District Treasurer

The Board should review the duties of the District Treasurer and separate incompatible functions or provide adequate compensating controls, as appropriate.

Status of Corrective Action: Fully Implemented

Observations/Findings: The District hired a new accountant whose duties are to account for capital projects, separating this function from the Treasurer's immediate control. We interviewed the accountant and reviewed sample records of the new system in place. The new distribution of responsibilities adequately mitigates the risks related to the Treasurer's previous role in performing incompatible duties.

Recommendation 6 – Capital Projects Accounting Records

The District should ensure that transactions for each capital project are recorded in the District's computer system using a unique accounting code and in sufficient detail to allow District managers to determine if only project related items are acquired with project funds and if authorized spending limits are exceeded.

Status of Corrective Action: Partially Implemented

Observations/Findings: Although the District has hired a new accountant to input capital projects information into the computer system, District officials considered it too costly to input older capital projects. Consequently, the Treasurer still maintains manual records for the older projects that are close to completion. All new projects are planned to be included in the computer system. However, no new projects were undertaken or recorded during our follow-up review period.

Recommendation 7 – Overtime

The Superintendent should implement procedures to require that all employees who work overtime record their actual hours worked.

Status of Corrective Action: Fully Implemented

Observations/Findings: We interviewed the Facilities Director and reviewed time records for a sample of employees for March 2009. The procedures in place to control overtime appear adequate. Time cards show time in and time out, overtime sheets are approved by the immediate supervisor and the Facilities Director, and the amounts paid in the payroll agreed with the supporting time records.

Recommendation 8 – Treasurer's Signature Plate

The Treasurer should ensure that the use of her signature plate is under her supervision and control.

Status of Corrective Action: Not Implemented

Observations/Findings: Although District officials and Board members indicated that they plan to change the system under which BOCES employees affix the Treasurer's signature to payroll checks, they are still in the early planning stages and have not yet committed to an alternative system.

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

I trust that our follow-up review was of assistance to you. If you have any further questions, please contact Christopher Ellis, Chief Examiner of our Newburgh office, at 845-567-0858.

Sincerely,

Steven J. Hancox
Deputy Comptroller
Office of the State Comptroller
Division of Local Government
and School Accountability