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Mr. Henry L. Grishman, Superintendent
Members of the Board of Education
Jericho Union Free School District
99 Cedar Swamp Road
Jericho, NY 11753

Report Number: 2007M-114-F

Dear Superintendent Grishman 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 Jericho Union Free School District (District) to assess the financial operations of the District. As a result of our audit, we issued a report, dated August 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 Jericho Union Free School District on June 29, 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 our limited procedures, it appears that the School District has made considerable progress in implementing our recommendations. Of the 12 audit recommendations, 10 recommendations were fully implemented, and two recommendations were partially implemented.

Recommendation 1 – Segregation of Duties in the Treasurer's Office

The Board should review the duties within the Treasurer's office and institute controls to ensure a proper segregation of duties.

Status of Corrective Action: Fully Implemented

Observations/Findings: We reviewed job descriptions and interviewed District officials and found that the District took steps to properly segregate duties in the Treasurer's office and to provide for appropriate management oversight. In addition, bank reconciliations and wire transfers are approved by the Assistant Superintendent for Business. Finally, the Treasurer is now in control of her signature disk, which was previously in the possession of Nassau BOCES.

Recommendation 2 – Bank Account Reconciliations

The Treasurer should reconcile each bank account to the corresponding general ledger account balance on a monthly basis and act to promptly identify and resolve any differences.

Status of Corrective Action: Fully implemented

Observations/Findings: We reviewed the bank reconciliations for February through April 2009, and found that District officials have implemented procedures to ensure that bank reconciliations are now performed for all bank accounts in a timely manner.

Recommendation 3 – Inclusion of All District Bank Accounts in Accounting Records

The Treasurer should ensure that all District bank accounts are included in accounting records and periodic financial reports. In addition, the Treasurer should ensure that all District moneys are maintained in banks designated as official depositories by the Board.

Status of Corrective Action: Fully implemented

Observations/Findings: District officials took action to ensure that all District bank accounts are held with officially designated depositories as stated in the Board's 2008-09 reorganization minutes and included in the accounting records and periodic financial reports.

Recommendation 4 – Budgetary Transfers

The Board should establish a dollar limitation on budgetary transfers that the Superintendent can approve.

Status of Corrective Action: Fully implemented

Observations/Findings: In March 2007, the Board adopted a budget transfer policy authorizing the Superintendent to approve budgetary transfers up to \$25,000 without prior Board approval.

Recommendation 5 – Board Approval for Personal Property Lease

The District must obtain Board approval prior to entering into all agreements for the lease of personal property. The Board should pass a resolution stating that the lease is in the best financial interest of the District.

Status of Corrective Action: Fully implemented

Observations/Findings: In response to our audit, the Board adopted a resolution on July 10, 2007 approving the Superintendent’s lease agreement for the Infinity M35, stating that the lease is in the best interest of the District. The Board also approved the lease agreement for the Superintendent’s 2009 Buick Enclave, which is currently under lease.

Recommendation 6 – Purchasing Policy

The Board should follow provisions of its purchasing policy and General Municipal Law by soliciting competitive bids when purchases of goods and services, including installment purchases, fall within established dollar guidelines.

Status of Corrective Action: Partially implemented

Observations/Findings: The District obtained three quotations rather than advertising for public bids, as required by Law, for the lease of the Superintendent’s 2009 Buick Enclave. In addition, we tested payments made to six vendors totaling \$409,825 to determine if public bids were requested. We found that, while the District usually advertised for bids or participated in cooperative bids, it did not advertise for bids for the purchase of office supplies totaling \$19,469. By following the provisions of law and the District’s purchasing policy, District officials can promote competition and help ensure the District acquires goods and services at the best price.

Recommendation 7 – Board Approval of Fringe Benefits

The Board should prepare contracts or approve resolutions that explicitly state the fringe benefits paid to all employees who are not included in collective bargaining agreements.

Status of Corrective Action: Fully implemented

Observations/Findings: The Board now approves the fringe benefit of employees not covered by collective bargaining agreements, and the Board President signed the employment agreements of the 13 individuals included in our test.

Recommendation 8 – Meals and Refreshment Policy

The Board should amend its policy outlining when it is appropriate to provide meals and refreshments at District meetings, including specifying times for lunch and dinner and a

maximum allowable cost. The Board policy should require that employees and Board members identify the reason why meals and refreshments were needed.

Status of Corrective Action: Fully implemented

Observations/Findings: We reviewed the meals and refreshments policy, which the Board last revised in November 2006. While the policy still contains broad language, our test of six claims totaling \$ 6,002 found that District officials implemented regulations and procedures that require written pre-approval for incurring meals and refreshment expenditures, and require that the related claims be sufficiently itemized and documented.

Recommendation 9 – Itemized Receipts for Meals and Refreshments

The Board should require an itemized receipt for all claims for meals and refreshments.

Status of Corrective Action: Fully implemented

Observations/Findings: District officials took steps to ensure that claims for meals and refreshments are supported by itemized receipts, as required by Board policy. Our test of the above six claims found no exceptions.

Recommendation 10 –Audit of Claims

The District should ensure that all claims are audited by the claims auditor.

Status of Corrective Action: Fully implemented

Observations/Findings: We tested five hand-drawn checks totaling \$7,766 to determine if they were audited by the claims auditor. We found that all five claims were audited prior to payment.

Recommendation 11 – Credit Card Claims

The claims auditor should require that every credit card claim be itemized and contain enough supporting documentation (e.g., original itemized invoices or receipts and explanations) to determine that amounts claimed represent actual and necessary District expenses.

Status of Corrective Action: Fully implemented

Observations/Findings: We tested 13 credit card charges totaling \$1,413, and found that all charges were properly itemized and contained sufficient supporting documentation.

Recommendation 12- Fuel Pump Policies and Procedures

The Board should adopt policies and procedures that provide for limiting access to fuel pumps; maintaining accurate records of fuel purchased, delivered and dispensed; reconciling fuel pump meter readings to gas usage sheets; and doing periodic physical inventories of fuel stores.

Status of Corrective Action: Partially implemented

Observations/Findings: The District did not adopt a policy for controlling inventories of vehicle fuel. However, District officials implemented written procedures that restrict access to fuel pumps; require the maintenance of accurate inventory records of fuel purchased, delivered and dispensed; require fuel pump meter readings to be reconciled to gas usage sheets; and require a periodic physical inventory of fuel stored. We reviewed the fuel usage records for the month of March 2009 and found that the amount of fuel dispensed, as recorded in the gas usage log, the pump meter readings, and monthly reconciliation spreadsheet all agreed. By adopting and enforcing a Board policy over fuel storage and usage, the risk of unauthorized use of fuel will be reduced because each user would be held accountable for the fuel dispensed and management would be compelled to act promptly when discrepancies in fuel usage are found.

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 Jeffrey P. Leonard, Chief Examiner of our Hauppauge office, at (631) 952-6534.

Sincerely,

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