

**State of New York
Office of the State Comptroller**

Comptroller's Investigations Unit



**Fraud and Abuse of the New York State and Local
Retirement System and the Rome City School District
by Retired Rome City Police Officer,
Thomas C. Hubal**

September 2010

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I. EXECUTIVE SUMMARY

The Office of the New York State Comptroller's Investigations Unit (hereinafter "CIU") commenced this investigation after receiving a complaint alleging "improper and illegal" practices that were occurring and had occurred in relation to the post-retirement employment of Thomas C. Hubal (hereinafter "Hubal") in the Rome City School District (hereinafter "District.") The CIU investigated, among other things, the propriety of Hubal's post-retirement employment within the District's Security Department and Hubal's purported status change from that of District "Employee" to that of "Independent Consultant" within the District.

The CIU found credible evidence to suggest that for approximately nine of his thirteen and a half years in the District, Hubal knowingly and willfully obtained funds from the New York State and Local Retirement System¹ (hereinafter "Retirement System") to which he was not entitled, by engaging in the unlawful practice commonly referred to as "double-dipping." "Double dipping" is a practice wherein a public employee, once retired from public service, returns to public employment and simultaneously collects both, his public salary and his full public pension in violation of the *New York State Retirement and Social Security Law* (hereinafter "*New York State RSSL*"). Further, the CIU determined that Hubal and others in the District took affirmative actions to mask Hubal's true status as a District employee and, instead purported him to be an independent consultant/contractor, for the primary purpose of allowing Hubal to continue to illegally double dip. As a result of these actions, Hubal was able to illegally collect approximately \$88,362 from the Retirement System.

Additionally, had the CIU accepted the District's assertion that Hubal had been a legitimate independent consultant/contractor, the CIU found credible evidence to suggest that Hubal and others known and unknown to the CIU, conspired to restrain fair trade by (i) intentionally failing to competitively bid for Hubal's purported consulting contracts in each of the years from 2000 through 2009; and (ii) using a method commonly known as bid rigging to award Hubal a "consulting contract" in 2008 after the current District Superintendent, Jeffrey Simons (hereinafter "Simons") ordered that a competitive bidding process be conducted to procure these services. The District purportedly conducted a "competitive bidding process" for supposed "contractual services," identical to those services already being provided by Hubal at the time of his alleged "retirement/resignation" from the District. Prior to commencing the "competitive bidding process," Hubal and others known and unknown to the CIU, took deliberate steps to shrink the pool of potential bidders and predetermined Hubal the "winning bidder," for the security services the District alleged were to be provided by an "independent consultant/contractor." If the CIU accepted the district's improper assertion regarding Hubal's status, then these prearranged actions resulted in Hubal improperly (and illegally) obtaining approximately \$258,263 from the District from 2000 through 2009 in no-bid and bid rigged contracts.

The CIU also found credible evidence to suggest that District officials known and unknown to the CIU aided and allowed Hubal to collect funds for travel and other expenses, absent the requisite documentation to support such expenses. From January 2002 through March 2009, Hubal received in excess of \$20,000 for these unsupported expenses. In addition, Hubal received an indeterminate amount of reimbursed expenses from July 1997 through December 2001; however, the CIU is unable to compute that amount due to the record retention policies in the District.

¹ The New York State and Local Retirement System consists of the Employees Retirement System and the Police and Fire Retirement System.

Finally, the CIU found credible evidence to warrant further investigation of other potentially fraudulent activities involving Hubal's collection of social security benefits and federal and state tax reporting.

The CIU has forwarded its findings to the Oneida County District Attorney's Office for whatever actions the District Attorney deems appropriate. It should be noted that the subjects of this investigation and investigative report are innocent until proven guilty of any crime in a court of law, should any criminal action be brought by the Oneida County District Attorney.

II. THE NEW YORK STATE AND LOCAL RETIREMENT SYSTEM

The Retirement System is a public pension system that manages and distributes retirement funds for New York State and Local retirees. The Retirement System receives mandatory contributions from its Members for the first ten years of membership, as well as from the Members' employers.² Members are classified into "tiers" based upon the year the Member joins the Retirement System. There are four tiers, with each tier having somewhat different expected benefits upon retirement from public service.

In general, § 150 of the *New York State Civil Service Law* prohibits a Retirement System Member who is collecting a public pension from simultaneously returning to public service and collecting a salary in excess of statutory salary limits imposed for the Retirement System Member's return to public service. The administrative penalty for exceeding the public reemployment earnings limits while simultaneously collecting a full public pension (hereinafter "double dipping") is forfeiture of the retiree's public pension payments for the time period the retiree double dipped.

There are, however, certain exceptions to this rule:

- If a retiree is at least sixty-five years old, the retiree may return to public sector employment without a reduction or suspension to the retiree's pension;
- The retiree may suspend his or her benefit and rejoin the Retirement System;
- If a retiree (of any age) returns to public sector employment, but does not earn a salary in excess of the earnings limits imposed under §212 of the *New York State RSSL*, the retiree would not be subject to a pension reduction or suspension of pension benefits;
- The retiree may be able to temporarily (and for a finite period of time) earn a public sector salary in excess of the limits imposed under §212 of the *New York State RSSL*, if the retiree and the retiree's prospective employer (on his or her behalf) apply for and are granted a waiver under very specific circumstances prescribed in §211 of the *New York State RSSL*. This practice is commonly referred to as the "§211 Waiver" process.

Independent Consultants/Contractors and the *New York State Retirement and Social Security Law*

Independent Consultants/Contractors: The Retirement System places certain restrictions on retirees who wish to return to employment for a public entity in the capacity of independent consultants/contractors. If a retiree joined the Retirement System before May 31, 1973, (a Tier 1 retiree,) there is generally no limit to the amount of money the retiree may earn from a public entity without the retiree's existing public pension benefit being reduced or suspended, provided

² Tier 1 employees were not required to make mandatory contributions to the Retirement System. Certain benefits may differ for Police and Fire Retirees as well.

the retiree legitimately operates in the capacity of an independent consultant/contractor. However, if a retiree is compensated for these lawful independent consultant/contractor services, the retiree's existing public pension benefit may be at risk of suspension or reduction if the Office of the State Comptroller (hereinafter "OSC") did not review and approve the retiree's independent consultant/contractor agreement with the public entity, prior to the retiree receiving compensation for those services. OSC reviews the independent consultant/contractor agreement (along with all other relevant facts known to OSC) to determine whether: (i) the retiree would indeed be acting in the capacity of a true independent consultant/contractor; or (ii) whether the retiree would be performing duties typically done by an employee of the public entity. It is important to note that the public entity simply calling the retiree an independent consultant/contractor does not necessarily make it so. If OSC determines the retiree is a legitimate independent consultant/contractor, and further, approves the independent consultant/contractor agreement, the retiree may receive unlimited independent consultant/contractor fees. Typically, retiree independent consultant/contractor approvals are for no more than two years at a time and the retiree must make separate applications for each subsequent independent consultant/contractor position with a public entity. If the retiree fails to submit the independent consultant/contractor agreement to OSC for prior approval, or if OSC disapproves the agreement, the retiree's earnings will be regulated by §211 or §212 of the *New York State RSSL*.

§212 Earnings Limits

Public Pension retirees may temporarily return to work for a public entity without a reduction in the retiree's existing public pension, provided the retiree's earnings do not exceed the §212 *New York State RSSL* earnings limits. The earnings limit for the year 2007 and thereafter is \$30,000 and §212 includes an earnings limit table for prior years. If the retiree exceeds those earnings limits at any time throughout the calendar year, the Retirement System determines the day the retiree exceeded the earnings limit, and suspends the retiree's pension for the remainder of the calendar year in which the earnings limit was exceeded.

§211 Waivers

Pursuant to §211 of the *New York State RSSL*, retirees may be allowed to accept post retirement employment within a public entity and earn compensation in excess of the §212 earnings limits without suspension or reduction in existing public pension benefits, provided very specific legal criteria are met. Effective October 7, 2008, the law was amended by Chapter 640 of the Laws of 2008 to clarify the criteria that must be met in order for a retiree to receive post-retirement earnings from a public entity, in excess of the §212 earnings limits without suspension or reduction in the retiree's existing pension benefits. Below are the specified criteria:

Statutory Criteria Prior to October 7, 2008:

In order for a retiree to have been granted a §211 waiver, the prospective public entity (public employer) of that retiree must have submitted a request completed by the public employer and the retiree detailing and evidencing the following:

1. The retiree is duly qualified, competent and physically fit to perform the duties of the position in which he or she is to be employed;
2. There is a need for the retiree's services;

3. There were not readily available for recruitment other qualified persons if the retiree was to earn more than \$1,000; and
4. The retiree's employment is in the best interest of the government service.

Statutory Criteria After October 7, 2008:

In order for a retiree to be granted a §211 waiver, the prospective public entity (public employer) of that retiree must submit a request completed by the public employer and retiree detailing and evidencing the following:

1. The retiree is duly qualified, competent and physically fit to perform the duties of the position into which he or she is to be employed;
2. The prospective employer has prepared a detailed recruitment plan;
3. The employment is in the best interest of government; and either
4. A). There is an urgent need for his or her services as a result of an unplanned, unpredictable, unexpected vacancy and sufficient time is not available to recruit a qualified individual and that such hiring shall be deemed as non-permanent rather than a final filling of such position; or

B). The prospective employer has undertaken extensive recruitment efforts and has determined that there are no available, qualified non-retirees.

Each §211 waiver may be granted for up to two years, as such approval is meant to be temporary when possible. According to the New York State Department of Civil Service, "It is not meant to provide a retiree with a second career in a public entity, particularly when it can be shown where there are other qualified non-retired persons seeking promotion or employment."

III. HUBAL'S PENSION FRAUD

Hubal began his career in public service as a police officer in the Rome Police Department in 1971. During the later years of his tenure with the Rome Police Department, Hubal served in the District as the District's D.A.R.E.³ Officer. Hubal remained in that position until he retired from the Rome Police Department, effective August 18, 1995. Upon his retirement in 1995, Hubal began receiving pension payments in the amount of \$1,984.18 per month. In 2005, Hubal's pension payment increased to \$2,041.18, as he received a cost of living increase. Prior to and following Hubal's retirement, he was provided information from the Retirement System regarding post-retirement, public sector employment on at least two (2) occasions: July 12, 1995 and February 22, 1996 respectively. In addition to the above referenced notifications every year since his retirement, the Retirement System provided Hubal a *Report of Post Retirement Earnings* which not only delineated the public sector post-retirement earnings limits for the applicable year, but also advised him that he was required to notify the Retirement System of any annual earnings in excess of those limits, as those excess earnings would result in the suspension of his pension benefits for the remainder of that calendar year. Included in each year's *Report of Post Retirement Earnings* was a simple card or "coupon" containing a line

³ D.A.R.E.: Drug Abuse Resistance Education

requesting notification of annual earnings, which Hubal was required to complete and return to the Retirement System. Throughout the duration of his retirement, Hubal never completed a coupon, or notified the Retirement System of his return to public employment, or of his public employment earnings in excess of the §212 statutory income limits.

Pension Fraud, 1997 to 2000

On August 19, 1995, one day following Hubal's effective retirement date from the Rome Police Department, the District Board of Education appointed Hubal a District employee in the title of "Security Supervisor," effective August 21, 1995, at a salary of \$22,000 per school year. In 1995, Hubal had not yet reached sixty-five years of age and in that year, the maximum salary allowed for a retiree under sixty-five collecting a public pension under §211 of the *New York State RSSL* was \$11,500. The District was thus required to apply to the New York State Civil Service Commission (hereinafter "Commission") for a § 211 waiver for Hubal, prior to appointing him to the "Security Supervisor," position in the District.⁴ The CIU's investigation revealed no evidence to suggest that the District or Hubal applied for a § 211 waiver for Hubal prior to his August 1995 appointment.

In or about April, 1996 (approximately eight months after Hubal's District appointment), Hubal and former District Superintendent Daniel Farsaci (hereinafter "Farsaci") submitted a §211 waiver request form to the Commission for the purpose of allowing Hubal to return to public employment in the District without suspension of his public pension. The District requested Hubal be waived for a three-year period beginning January 1996 and continuing through December 1998. Farsaci justified the §211 waiver request and "evidenced" the District's recruitment efforts by stating that "Hubal is a proven security officer who will serve in the best interests of the students, District, and community. We did not have available, qualified non-retiree, so we hired Hubal, an experienced and highly qualified retiree." This statement was made under penalty of perjury.

Throughout its deliberative process of whether to approve Hubal's §211 waiver request, the Commission made several fruitless attempts to obtain additional information from the District (as well as from the Rome Civil Service Commission) that it required to establish the District's justification, which was otherwise unconvincing, regarding the District's recruitment efforts and subsequent hire of the retiree, Hubal. The CIU went to great lengths during this investigation to determine whether the District ever provided the Commission the information it sought. After communicating with the Commission and after reviewing Hubal's District personnel and Retirement System files (which included the original §211 waiver request and all correspondence to and from the Commission) there was no evidence to suggest that the District ever provided the Commission the necessary justification required for approval of this §211 waiver request.

Subsequently, due to the failure of the District to adequately justify the hiring of Hubal, the Commission determined to grant only a limited §211 waiver for the period of January 1, 1996 through August 31, 1996 for Hubal. Contained in Hubal's District personnel folder (and additionally in his Retirement System file) is a letter from the New York State Civil Service Department (hereinafter "Department") dated July 3, 1996, advising District Officials that only a limited waiver had been granted, and expressly provided that the §211 waiver would be disapproved thereafter, absent "clear documentation that there are not readily available other

⁴ The Commission requires the use of a standard § 211 waiver request form that was signed by both the District [Farsaci] and Hubal.

qualified candidates for appointment and that the position has been classified and filled in accordance with Civil Service Law and Rules.” The Department’s letter specifically provides that the reason for disapproval was a lack of information documenting whether there were no other available qualified non-retirees interested in the position. The letter further advises that the Commission’s determination was for a finite period of time and could not be extended without the Commission’s approval. This letter was addressed to former District Assistant Superintendent for Business and Finance Michael Barile. A copy of this letter was also sent to Hubal as well as to the District’s Treasurer and the Rome Civil Service Commission Chairman.

As noted earlier, Hubal had already received two notices of the laws governing his post-retirement employment in a public entity while collecting his public pension, and the subsequent limited waiver and disapproval letter was the third explicit notice. Further, the letter from the Commission provided Hubal notice that he would not be able to continue to exceed the §212 salary limits unless the District submitted another §211 waiver request with justification meeting the statutory criteria to allow the Commission to grant such approval. Once again, the CIU went to great lengths during this investigation to determine whether the District and Hubal ever submitted any subsequent §211 waiver requests for Hubal and again, found no evidence to suggest the District did so. Nevertheless, Hubal remained employed in the District’s Security Department, while knowingly exceeding the statutory earnings set forth in §212, as its “Security Supervisor” and subsequently as its “Director of Security”⁵, from 1997 to June 2000.

The table below illustrates the amount of compensation Hubal collected in excess of the statutory §212 of the *New York State RSSL* earnings limits and subsequent pension ramifications, from the beginning of his District employment through calendar year 2000:

School Year	Contractual Earnings Reported to the Retirement System By School Year ^{6,7}		Calendar Year	Annual Earnings Reported by the District	CIU Calculated Annual Earnings*	§212 Earnings Limits	Annual Pension Hubal Collected	Hubal’s Allowable Annual Pension	Annual Pension Hubal Collected To Which He was not Entitled
	A	B							
1995/1996	\$20,489.53	\$7,773.06	1995	\$7,773.06 (W-2)	\$7,773.06*	\$11,500	\$9,920.90	\$9,920.90	\$0.00
1996/1997	\$2,536	\$13,916.58	1996	\$8,320.00 (W-2)	\$23,573.29*	\$12,500	\$23,810.16	\$23,840.16	\$0.00
1997/1998	\$25,813.50	\$25,168.00	1997	\$25,168.00	\$25,168.00*	\$13,500	\$23,810.16	\$12,103.50	\$11,706.66
1998/1999	\$25,651.50	\$25,932.50	1998	\$25,932.50	\$25,932.50*	\$14,500	\$23,810.16	\$11,442.10	\$12,368.06
1999/2000	\$26,845.00	\$27,122.90	1999	\$27,122.90	\$27,122.90*	\$15,500	\$23,810.16	\$ 14,209.29	\$9,600.87
2000/2001	\$31,844.96	\$29,451.18	2000	\$29,451.18	\$29,451.18*	\$17,500	\$23,810.16	\$14,209.29	\$9,600.87

* Due to record retention policies, the CIU employed forensic auditing and investigative techniques to recreate Hubal’s payment record utilizing the W-2 and 1099-Misc. totals the District reported, in order to make the determination regarding Hubal’s excess earnings.

⁵ The name change from “Security Supervisor” to “Director of Security” is purely semantics, as both titles had identical duties and all contracts available for CIU review through June 2000, referenced Hubal as “Employee” and the District as “Employer.”

⁶ District reported inconsistent earnings figures. Columns A and B reflect all earnings figures the District reported to the Retirement System.

⁷ District advised the Retirement System that the figures in Column B may include mileage according to District’s Accounts Payable Department.

From District Employee to Purported Independent Consultant/Contractor, 2000-2008:

Beginning in or about early 2000, questions began arising about Hubal’s employment status within the District, in light of Hubal’s well known status as a retiree collecting a pension for his prior public service. Inexplicably, despite his existing “Director of Security” employer/employee contract with the District, covering the period of 1999 through 2001, Hubal (now, d.b.a. TC Consulting⁸) signed a contract purporting him to be an independent contractor/consultant with the District, to be effective July 2000, (approximately 12 months prior to his current contract ending date) in the same title, “Director of Security,” at a salary of \$31,844.96 for the 2000-01 school year with 3.9% increases for subsequent school years 2001-2002 and 2002-2003, respectively. It should be noted that pursuant to the terms of the two contracts referenced on the previous page, Hubal’s duties as “Director of Security” did not change, despite the purported change in status of the title from “Employee” to “Independent Contractor”; nor did the duties ever change from District “Security Supervisor” to “Director of Security.” The table below reflects the duties as referenced in those contracts:

Final District Director of Security Contract (Employee)	Initial & Continuing Director of Security Contracts (Purported Independent Consultant)
<i>Reports to the Superintendent of Schools</i>	<i>Reports to the Superintendent of Schools</i>
<i>Prepare and manage budget for security staff and equipment</i>	<i>Prepare and manage budget for security staff and equipment</i>
<i>Scheduling of work hours for school day and extra curricular activities (sports events, etc.)</i>	<i>Scheduling of work hours for school day and extra curricular activities (sports events, etc.)</i>
<i>Coordinate inservice [sic] training for security staff</i>	<i>Coordinate inservice [sic] training for security staff</i>
<i>Supervise and monitor staff in other district buildings</i>	<i>Supervise and monitor staff in other district buildings</i>
<i>Make recommendations on security and safety issues to the appropriate district staff</i>	<i>Make recommendations on security and safety issues to the appropriate district staff</i>
<i>Review written reports</i>	<i>Review written reports</i>
<i>Act as a liaison between the district and local police leaders</i>	<i>Act as a liaison between the district and local police leaders</i>
<i>Conduct and supervise investigations as needed</i>	<i>Conduct and supervise investigations as needed</i>
<i>Monitor security and safety issues in the district</i>	<i>Monitor security and safety issues in the district</i>

In addition to the duties listed above, the District continued to provide Hubal office space (shared within the security office at Rome Free Academy), use of a District computer and other District office supplies, as well as a District cell phone and two-way radio.

Hubal remained in the role of a supposed “independent consultant,” under the Director of Security contract, continuing to perform identical duties, until June 30, 2006.⁹ On April 5, 2006 the District Board of Education accepted Hubal’s “resignation” from his position as Director of Security effective June 30, 2006. On April 6, 2006, a second former Superintendent, Thomas Gallagher (hereinafter “Gallagher”) sent Hubal a letter confirming his “resignation” had been

⁸ Hubal established TC Consulting, by filing a d.b.a. certificate with the Oneida County Clerk’s Office on August 27, 1996. This filing occurred 4 days prior to the expiration of his 1996 limited § 211 waiver. Hubal is the sole owner and sole proprietor of TC Consulting. TC Consulting’s d.b.a. number is 96-1174.

⁹ It is important to note that at no time after Hubal was designated a “independent consultant” did the District engage in a competitive bidding process for these services, even though the value of such services were in excess of statutory amounts that would have triggered the requirement to competitively bid for these services.

accepted by the Board. Additionally, invitations to an event entitled “Retirement Party For Tom Hubal...” were distributed to other District staff Members. Furthermore, a March 14, 2006 article appeared in the *Rome Sentinel* Newspaper stating the following: “The retirement of Director of Security Thomas C. Hubal.....are among items on the [Rome] Board of Education’s agenda” The article goes on to state the following: “Hubal said...he was the first to hold the director of security position in the district, said he will retire effective June 30 after about 10 years on the job.” Finally, the article states, “Hubal oversees a full-time security staff of 11 employees who are concentrated at the Rome Free Academy, Strough Middle School and Staley Upper Elementary School. He also travels to the district’s other elementary schools as needed. His salary is about \$36,000.”

The CIU finds it nonsensical that a legitimate independent consultant/contractor would even have the ability to “resign” or “retire” from the District, with Board of Education approval, no less, as opposed to terminating or failing to renew his/her independent consultant/contractor agreement or contract. The CIU had conversations with the current District administration, who concurred that this made no logical sense.

Ironically, one day after Hubal’s purported “resignation/retirement” became effective, he entered into a new written agreement with the District, which provided that he would resume his “Security Consultant” duties. This time, however, Hubal had just recently reached the age of 62, and now would earn \$1,000 per month plus a fixed \$250 per month stipend for travel and “other” expenses. Hubal remained in this position through June 30, 2008.

In June 2008, former District Assistant Superintendent of Business and Finance William Thomas (hereinafter “Thomas”) purportedly conducted a competitive bidding process to fill the “Director of Security” position occupied by Hubal, with a consultant. Hubal was awarded the contract based upon the allegedly competitive bid. Once again, Hubal earned \$1,000 per month plus a fixed \$250 per month stipend for travel and “other” expenses. Hubal remained in the position until May 2009, at which time Hubal and the District mutually terminated the contractual agreement due to Hubal’s unwillingness to provide the new District Administrative staff with supporting documentation related to the services performed, as well as any claim for expense reimbursement pursuant to that agreement.

The table on the next page illustrates the amount of compensation Hubal collected in excess of the statutory §212 of the *New York State RSSL* earnings limits and subsequent pension ramifications from 2000-2009, including those calendar years he collected funds in excess the statutory §212 of the *New York State RSSL* earnings limits, via the intentional misrepresentation of his employment status within the District:

School Year	Contractual Earnings Reported to the Retirement System By School Year ^{10 11}		Calendar Year	Annual Earnings Reported by the District (1099-Misc)	CIU Calculated Annual Earnings	\$212 Earnings Limits	Annual Pension Hubal Collected	Hubal's Allowable Annual Pension	Annual Pension Hubal Collected To Which He was Not Entitled
	A	B							
1999/2000	\$26,845.00	\$27,122.90	1999	\$27,122.90	\$27,122.90*	\$15,500	\$23,810.16	\$14,209.29	\$9,600.87
2000/2001	\$31,844.96	\$29,451.18	2000	\$29,451.18	\$29,451.18*	\$17,500	\$23,810.16	\$14,209.29	\$9,600.87
2001-2002	\$33,086.00	\$32,723.70	2001	\$32,723.70	\$32,723.70*	\$18,500	\$23,810.16	\$14,273.29	\$9,536.87
2002-2003	\$34,377.00	\$31,137.33	2002	\$31,137.33	\$32,459.63	\$20,000	\$23,810.16	\$13,953.27	\$9,856.89
2003-2004	\$35,930.00	\$35,797.30	2003	\$35,797.30	\$36,865.82	\$25,000	\$23,810.16	\$13,953.27	\$9,856.89
2004-2005	\$36,756.00	\$40,466.30	2004	\$40,466.30	\$39,337.21	\$27,500	\$23,810.16	\$16,071.86	\$7,738.30
2005-2006	\$38,042.00	\$34,404.87	2005	\$34,404.87	\$37,575.00	\$27,500	\$24,095.16	\$15,998.48	\$8,096.68
2006-2007	\$1,000/mo. + \$250/mo.		2006	\$15,850.85	\$15,850.85	\$27,500	\$24,494.16	\$24,494.16	\$0.00
2007-2008	\$1,000/mo. + \$250/mo.		2007	\$11,250.00	\$9,000.00	\$30,000	\$24,494.16	\$24,494.16	\$0.00
2008-2009	\$1,000/mo. + \$250/mo.		2008	\$27,500.00	\$22,000.00	\$30,000	\$24,494.16	\$24,494.16	\$0.00
	\$	\$	2009	\$ Unknown	\$3,000.00	\$30,000	\$24,494.16	\$24,494.16	\$0.00

Intentional Disregard of the New York State Retirement and Social Security Law:

In July of 1995, the District hired Hubal as part of its security staff, and for the next five years, Hubal worked for the District, was referred to as an “employee,” reported to each successive District Superintendent (or his designee), maintained District office space, supervised District staff, and performed all the other duties inherent to his position. On June 30, 2000, Hubal inexplicably “ceased” to be a District employee (a full year prior to the expiration of his employment contract) and one day later on July 1, 2000, returned to his District office space, supervised District staff, and performed all the other duties inherent to his position. The only difference in Hubal’s employment status was essentially what he and the District agreed he would be called, to wit, an “employee” one day, and then the next day he was called a “consultant.” This charade continued even in the face of two more inquiries by the Retirement System as to Hubal’s status and earnings in 2006 and 2007, respectively. The primary purpose for the District aiding Hubal to maintain his continuous employment in the District under the guise of an independent consultant was to enable him to collect a generous public salary without reduction or suspension of his public pension.

For the above reasons and other considerations including but not limited to the purposeful failure of the District to competitively bid for these purported consulting services, the CIU found no documentation that demonstrates, and rejects any assertion, that Hubal was ever a legitimate independent consultant. Had his “independent consultant” contracts been legitimate, the “contractual” amount of Hubal’s compensation pursuant to those “independent consultant contracts” (in all years except 2007 and 2008) exceeded the dollar thresholds legally requiring a competitive bidding process, pursuant to §103 of the *New York General Municipal Law*. Hubal was “awarded” each of those contracts, absent any required competitive bidding process.

¹⁰ District reported inconsistent earnings figures. Columns A and B reflect all earnings figures the District reported to the Retirement System.

¹¹ District advised the Retirement System that the figures in Column B may include mileage according to District’s Accounts Payable Department.

Further, upon questioning by the CIU, Thomas provided the CIU a letter dated August 28, 2008 which stated the following:

- “Mr. Hubal acted in the capacity of Director of Security from 1995 through June 2006 when he relinquished his position and took on a consultant role described in the RFP in File #1.” (By Thomas’ own admission, Hubal was an employee of the District until [at least] 2006, not an independent consultant.)
- Thomas further advised in that letter that “There are no other RFP’s [sic] that existed in the District for those services.”

Notably, the RFP referenced above was not even issued until June 2008, two years after he purportedly took on a consultant role. Therefore, Thomas’ written statements regarding Hubal in 2006 are inconsistent with the evidence the CIU has gathered in this investigation and it appears that these statements may have been made in an effort to mislead the CIU.

Additionally, the CIU requested the District provide the names of District employees Hubal supervised from 1995 to 2008 and the names of District employees who supervised Hubal during the same time period. Thomas advised the following on June 28, 2008:

Concerning District Employees Hubal Supervised:

- “During his appointment to his position as Director of Security he [Hubal] had full charge of all individuals in the [District Security] Department beginning in 1995 until June of 2006.”

Concerning District Employees Supervising Hubal:

- “Please see the Superintendent list and Assistant Superintendent for Business list contained in File #3. From time to time there has been an interchange between these positions as it pertains to supervisory responsibility.”

Notably, after a review of all the relevant information related to Hubal’s employment status with the District, the Retirement System has initially, administratively, determined that Hubal was, in fact, a full-time employee of the District from August 1995 through June 2006, and a part-time employee of the District from July 2006 through March 2009¹².

When viewing Thomas’ statements within the totality of the documentary evidence that the CIU has gathered, together with the determination of the Retirement System, these statements appear to buttress the CIU’s conclusion that Hubal was never a legitimate independent consultant/contractor at any time from 2000 through 2006. Nor was he an independent consultant/contractor in 2007, 2008, or 2009, but rather a part-time District employee. Thomas’ statements, together with a review of Hubal’s duties during all relevant time periods are further indicia of Hubal’s District employee status.

¹² The Retirement System’s Counsel has recommended that the Retirement System administratively review Hubal’s income during his years as an employee of the District to determine whether he exceeded RSSL §212 limits, and by how much. The CIU notes that the Retirement System’s review is an administrative review separate and distinct from the CIU’s criminal investigation. Any administrative actions taken by the Retirement System shall be separate and distinct from any criminal actions brought by the appropriate prosecutorial entities, and may include notice and an opportunity to be heard on the administrative level. Criminal actions shall include any and all rights inherent to a criminal prosecution.

The CIU's direct communication with the District was not the first time OSC notified the District about possible concerns with Hubal's post retirement activities. As noted earlier, in 2006 and in 2007, the Retirement System (at the urging of the CIU) requested and was provided information about Hubal's position and earnings by the District. The following pages contain copies of the information the District provided in response to the Retirement System's request:

Re: Thomas C. Hubal
Reg. No.: 0A35652-7
Ret. No.: 0SA609030
Return to: Joe Memole
Fax: 518-402-2498

Job Title: Security Supervisor
First Date of Employment: 3/21/95
Last Date of Employment: 6/30/06
12 or 10 Month Employee: 12
Full or Part-Time Employee: full (no benefits)
Appointment Type (permanent, provisional, etc.): permanent
Compensation earned, per calendar year, from first to last date on payroll:

Kris Brady Kris Brady Confidential 7/12/06
Signature Name Title Date
Secretary

1995 - 1996 20,489.53
1996 - 1997 2,536
1997 - 1998 25,813.50
1998 - 1999 25,651.50
1999 - 2000 26,845
2000 - 2001 31,844.96
2001 - 2002 33,086
2002 - 2003 34,377
2003 - 2004 35,930
2004 - 2005 36,756
2005 - 2006- 38,042
2/1/06 \$250 Per month for travel

NYS OSC
MAILROOM
JUL 17 2006
REC'D-87

ROME CITY SCHOOL DISTRICT
112 East Thomas Street
Rome, New York 13440



HUMAN RESOURCES DEPARTMENT

Telephone (315) 338-6532
Fax: (315) 334-7409

2005 – 2006	34,404.87
2004 – 2005	40,466.30
2003 – 2004	35,797.30
2002 – 2003	31,137.33
2001 – 2002	32,723.70
2000 – 2001	29,451.18
1999 – 2000	27,122.90
1998 – 1999	25,932.50
1997 – 1998	25,168

This may include mileage according to Accounts Payable.

Also, Payroll provided this information.

1996	13,916.58
1995	7,773.06

NYS OSC
MAILROOM
JUL 17 2006
REC'D-87

Despite being aware of OSC's post retirement concerns, the District continued to masquerade Hubal as a legitimate independent consultant/contractor until 2009; all the while knowing his earnings clearly exceeded the §212 earnings limits, and knowingly failed to even attempt to obtain OSC's prior approval for any of Hubal's agreements. It is again important to note that the CIU's communication provided additional notice to the District, in addition to the prior notifications described herein, regarding post-retirement laws. Also referenced herein, Hubal received multiple notifications regarding his post-retirement employment with a public entity. Irrespective of all the notifications, neither the District nor Hubal made any attempt to remedy, correct, or alleviate any issue related to Hubal's employment status.

Additionally, during an interview with the CIU in July 2009, Simons advised that:

1. There was no legitimate reason why Hubal would cease to be a District Employee one day and become an "independent consultant/contractor" in the same title, with the same duties, the next day. The current District Assistant Superintendent for Business and Finance, Ann McGowan (hereinafter "McGowan") was present during the interview and concurred; and
2. He and McGowan, are working cooperatively with the CIU, and in doing so, reviewed Hubal's job, terminated his "contract" (discussed further herein) and essentially abolished the Director of Security position in the District because the District views that position as "non-essential," particularly in these times of fiscal strain.

Following that interview, the CIU requested McGowan contact the District's counsel to determine whether any of Hubal's contracts with the District were ever drafted or reviewed by the District's counsel. In a July 2009 letter, McGowan advised the CIU that despite the District's counsel having some recollection of unspecified "discussion" regarding a Hubal contract, a search of the counsel's records (dating back to the mid 1990s) revealed nothing in those files to indicate that the District's counsel ever drafted or reviewed a hard copy of Hubal's contract. Thus, it appears there is credible evidence to suggest that the District entered into these contracts with Hubal, completely absent any review or oversight by the District's counsel.

In light of the totality of evidence, the CIU's investigation finds credible evidence to suggest that Hubal, (with the aid of others known and unknown to the CIU) stole public funds in the amount of approximately \$88,362 by way of pension fraud and further, violated the public trust by using their official positions as public servants to secure unlawful and unwarranted benefits for Hubal.

IV: RESTRAINT of FAIR TRADE (a.k.a. BID RIGGING)

For the years pertaining to this investigation, the *New York State General Municipal Law* required that all contracts for public work within a school District involving an expenditure of more than \$20,000 and all purchase contracts involving an expenditure of more than \$10,000 be awarded to the lowest responsible bidder after advertisement for sealed bids.¹³ The law promotes competition on the price and quality of goods and services and is intended to provide a level playing field that is unobstructed by anticompetitive restraints. The appropriate application of this law results in taxpayer assurance that goods and services are procured in the best interest of the taxpayer. Pursuant to §103-e of the *New York State General Municipal Law*, conspiracies to prevent competitive bidding on public contracts is a misdemeanor.

As referenced above, in June 2008, the District issued "Security Consultant RFP # 07-03-2008." The following is an excerpt of the exact description of Consultant Duties advertised in RFP #07-03-2008:

¹³ These amounts have been amended.

Rome City School District

Request for Proposal – Security Consultant

Purpose

This request for proposal is for the purpose of selecting a qualified and experienced provider of Security Consultant Services.

Brief Description of Consultant Duties

- Reports to Superintendent or his/her designee
- Act as liaison between District and local police officials
- Monitor and evaluate security procedures and make recommendations to appropriate district staff for all schools
- Review Vadar reports
- Check background on all new employees
- Work with Violence Prevention Committee

Term of Contract

This Contract will cover the time period of July 1, 2008 until June 30, 2009.

In a letter dated July 17, 2009 McGowan advised the CIU that her predecessor (Thomas):

- 1). Wrote these bid specifications;
- 2). Made the award determination; and
- 3). Presented the Award to the Board of Education

The CIU's investigation revealed a memorandum (displayed on the next page) that Hubal wrote to Thomas on June 14, 2006; both prior to the issuance of RFP 07-03-2008 and prior to the time Thomas purported Hubal began an "independent consultant" relationship with the District:



ROME CITY SCHOOL DISTRICT
SECURITY DEPARTMENT

95 Dart Circle, Rome, New York 13441

Telephone (315) 334-7215

Fax: (315) 334-7236

TOM HUBAL
Director of Security

TO: William Thomas
FROM: Thomas C. Hubal 
RE: Duties of Director of Security
DATE: June 14, 2006

Mr. Thomas:

Here is a summary of the duties performed by the Director of Security for the Rome City School District:

- Reports to Superintendent or his designee.
- Act as liaison between District and local police official
- Monitor and evaluate security procedures and make recommendations to appropriate district staff for all schools.
- Review Vadar reports
- Check background on all new employees
- Work with Violence Prevention Committee

The CIU notes that the exact duties Hubal wrote and provided to the Thomas two years earlier became the exact duties that the District later advertised in the RFP in 2008, which Hubal bid upon. The District received two bid proposals: One from Hubal and another from a second bidder. The second bidder's proposal was lower; however, the District rejected the lowest bidder and awarded the contract to Hubal, the higher bidder.¹⁴

The CIU visited the District and requested a copy of the "contractual" terms/duties for Hubal's "contracts" from 2006-Present. McGowan provided the CIU a copy of the memorandum above as evidence of those contractual terms/duties.

In light of the above, the CIU finds credible evidence to suggest that Hubal and others known and unknown to the CIU, conspired to predetermine Hubal the "winning bidder" of the purportedly competitive bidding process designated for RFP 07-03-2008, at least two years prior even to the issuance of the RFP. Further, Hubal and others known and unknown to the CIU, took steps to draft and advertise such restrictive RFP specifications, which so clearly described Hubal, that the total bidding pool ended up being only two bidders; the lower bidder appearing to be arbitrarily rejected and Hubal being awarded the contract despite his bid being higher.

V. UNSUPPORTED EXPENSE REIMBURSEMENTS

While reviewing all available documentation relevant to Hubal's compensation during his tenure in the District, the CIU became aware of a significant lack of internal controls within the

¹⁴ The CIU was given numerous unconvincing explanations as to why the lowest bidder was not awarded the contract.

District that resulted in Hubal collecting payment for what we believe to be unsubstantiated and excessive travel.

The CIU found that the District has a policy in place wherein a person seeking travel reimbursement is required to submit a “Travel Expense Voucher” for approval through the District’s Business Office. The District’s “Travel Expense Voucher” seeks the following information about the travel: Date(s), Start Location, Destination, End Location and Purpose of the travel.

While reviewing all available “Travel Expense Vouchers” Hubal submitted, we discovered that he submitted employee travel vouchers in such a way as to make any kind of meaningful oversight of his travel difficult at best. Hubal’s “Travel Expense Vouchers” typically did not reflect individual dates of travel, but reflected combined travel for a given week. His start location was never a place, but rather a series of numbers the CIU believes to be his starting mileage on his personal vehicle for each week. The destination is also never described in terms of a particular location, but only as the nondescript word “District.” The end location is also never a place, but again is a series of numbers the CIU believes is indicative of ending mileage for that week. Finally, no purpose is ever referenced on his vouchers.

Notably, not only do the vouchers rarely reflect any personal mileage (such as commuting, errands, lunch breaks etc., which are expressly excluded from reimbursable travel)¹⁵, but in many instances during school vacation times, when the schools were essentially closed and generally there would be no children, and very few, if any, District employees, Hubal’s mileage was higher than at other times when schools were open. See the table below:

Dates	Start	End	Non-Reimbursed Mileage	Reimbursed Mileage
12/9/2002-12/15/2002	59499	59614	0	115
12/16/2002-12/22/2002	59614	59725	0	111
12/23/2002-12/29/2002	59725	59856	0	131
12/30/2002-1/5/2003	59856	59962	0	106
1/6/2003-1/12/2003	59962	60067	0	105
12/1/2003-12/7/2003	65305	65395	0	90
12/8/2003-12/14/2003	65395	65499	0	104
12/15/2003-12/21/2003	65499	65599	0	100
12/21/2003-12/28/2003	65599	65720	0	121
12/28/2003-1/4/2004	65720	65810	0	90
1/5/2004-1/11/2004	65810	65910	0	100
1/12/2004-1/18/2004	65910	66010	0	100

As part of our review, we discussed with McGowan where Hubal would typically be required to travel to and from within the District, as part of his job duties. Based on McGowan’s answers, we constructed a map using the distances within the District buildings that are the farthest apart from one another to calculate the greatest distance between and within District locations where Hubal would have typically traveled. Based on our calculations, Hubal would have had to consistently visit four (4) school locations and the District office, at least three (3)

¹⁵ Except on very few occasions, we noted that Hubal’s starting mileage for his personal vehicle for the new week was always the ending mileage of his personal vehicle for the previous week. See, for example, the table above. Also see copies of a sampling of Hubal’s employee travel vouchers, which he submitted for payment, and which are found on pages 22 - 24 of this report.

times per day to reach the numbers of miles he purported to have regularly traveled, more on those weeks that he submitted higher mileage amounts, for which he consistently collected reimbursement.

Moreover, while it is typical for employees to be reimbursed for job-related travel expenses, Hubal was, at this time, purporting to be an independent consultant/contractor. Independent consultants/contractors do not generally submit employee travel vouchers and payees of such travel would include those amounts as income to the consultant as opposed to employee reimbursement which is not reportable as income. Independent consultants/contractors would also generally not be reimbursed, by the District, for training, seminars and conferences related to his business. The documentation evidences that Hubal submitted travel vouchers and was reimbursed for a number of training conferences related to his purported school security business¹⁶.

Finally, this Office finds it particularly troublesome that Hubal was reimbursed approximately 1 ½ times the travel expenses he averaged while performing full-time duties within the District, through a “travel/other expenses” stipend, while only performing his duties on a part-time basis beginning in July 2006. However, from July 2006 through March 2009, Hubal only submitted vouchers for payment of the stipend, which did not contain any supporting documentation to evidence his alleged monthly expenses. According to Simons and McGowan, their understanding was that Hubal would be reimbursed *up to* \$250 a month for travel and other expenses. (emphasis added)¹⁷

Due to lack of documentation, we are unable to determine Hubal’s complete travel amounts from 1997 through 2009. However, the documentation the CIU was able to obtain reveals that there is credible evidence to suggest that Hubal was improperly reimbursed at least \$20,233.95 in travel/other expenses from January 2002 through March 2009, without proper documentation or support for such reimbursement. Based upon the pattern of abuse, we can reasonably presume that there are amounts that Hubal improperly received from 1997 through 2001, and other periods in which travel documents were missing¹⁸.

¹⁶ As noted below, many of Hubal’s 1099s were reported in the name of his business; however, Hubal did receive four (4) separate 1099s in four (4) separate years in his own name and under his own social security number, which may have been travel reimbursement, as even though his income was paid and reported under his business name and reported taxpayer identification number for six (6) years, he always received the travel reimbursement in his own name and social security number. We note, however, that we cannot confirm that the additional 1099s, which are relatively small compared the other 1099s were for travel, as there is a disparity between the actual travel amounts paid to Hubal, and any 1099-misc issued in Hubal’s name. Because of this disparity, we believe that these 1099s likely do not represent travel, but instead represent some other income payments paid to Hubal instead of his business.

¹⁷ In fact, Hubal’s failure to provide any documentation in support of his travel stipend was one of the primary causes of the mutual termination of Hubal’s most recent agreement.

¹⁸ See Footnote 16 above. One of the four (4) 1099s is from the tax year 2001. In light of the disparity between the actual travel amounts paid to Hubal, and any 1099-Misc that may have been issued for travel paid in other years, we are reasonably confident that any actual travel amount for 2001, and all other years, was underreported and certainly exceeds the amount we were able to confirm.

VI. ON-GOING INVESTIGATIONS

Social Security

The CIU also received allegations regarding Hubal's 2006 contract with respect to Social Security. It was alleged that in 2006, (i) Hubal turned 62 years old and began collecting Social Security; (ii) Hubal was aware that much like New York State, Social Security places earnings limits on those persons simultaneously working and collecting Social Security benefits; and (iii) that others known and unknown to the CIU and Hubal conspired to allow Hubal to obtain compensation from the District in excess of the statutory Social Security limits and simultaneously collect his undiminished Social Security benefit. The following is the description the CIU received of how this alleged activity purportedly transpired:

On April 5, 2006, under the heading of "Personnel", and subheading of "Resignations" the District Board of Education accepted Director of Security Thomas Hubal's "resignation" for "personal" reasons, effective June 30, 2006. Subsequently Hubal (once again) signed a purported consulting contract, effective July 1, 2006, one day following his effective "resignation" date. Hubal's duties under this contract did not change from one day to the next. Ironically, the only substantive change was the amount of Hubal's compensation. The new contract provided for Hubal to receive \$1,000 per month with an additional \$250 per month for travel and other expenses. The CIU received allegations that the new contract provided for these specific amounts because Hubal turned 62 years old in 2006, purportedly "retired" or "resigned" (depending on who you ask) from the District, began collecting social security and knew he would have been governed by social security income limits for 2006: \$12,480/year; 2007: \$12,960/year and 2008: \$13,560/year. It was alleged that Hubal intentionally separated the travel and other expense portion of his contract because he believed those reimbursements would not be considered earnings; thus allowing him to collect compensation in excess of the statutory limits placed upon persons collecting social security, without the U.S. Social Security Administration knowing. It was finally alleged to the CIU that an individual aided Hubal to first, mislead the Board with respect to his supposed "resignation"/"retirement," second, to secure this new "independent consulting" contract with no break in service to the District, and third, to artificially lower his perceived compensation by compensating Hubal separately for the travel and other expenses.

The CIU was unable to substantiate the allegations with respect to the possible Social Security fraud, as we are unable to view the federal and state documents necessary to substantiate or to dismiss these allegations as unfounded. The CIU has advised the Oneida County District Attorney of these allegations to review for whatever actions the District Attorney may deem appropriate.

The CIU discussed the reimbursement portions with Simons and McGowan, who each expressed some concern that Hubal had been receiving a flat \$250/month in unsubstantiated reimbursements. Simons also told the CIU that albeit naïve on his part, until the CIU and McGowan brought the flat payments to his attention, it was his understanding that the reimbursement was *up to* \$250/month, not twelve payments of exactly \$250. (emphasis added) The CIU finds his statements credible in light of this (and all other) Hubal contracts having been executed with no review of oversight of the District's counsel or OSC.

Federal and New York State Tax

Part of the CIU's investigation, included conducting a forensic accounting review of all available compensatory-related instruments associated with Hubal's earnings from 1996 through 2008. Actual vouchers, wire transfers, District ledger entries and bank statements were reviewed for the full calendar years of 2002 through 2008. The CIU also reviewed all available documentation Hubal submitted to evidence those purported expenses. While reviewing Hubal's 1099 forms for 1996 through 2008, the CIU discovered some inconsistencies relating to the identification numbers Hubal provided to the District for payment/tax purposes. In 1996 and 1997, Hubal's 1099s reflect payment to Hubal, and referenced his social security number as his identification number for those payment/tax purposes. In 1997, his 1099s changed slightly to reflect payment in the name of TC Consulting (Hubal's d.b.a. business); however, Hubal's 1099 identification number remained his social security number. Hubal's 1099 payments continued in this manner through 2001. In 2002, Hubal's 1099s reflected payments made in the name of TC Consulting, however, now reflected what appeared to be a previously unused employer identification number on his 1099s. This scenario continued through 2006, however, in 2004, Hubal received two 1099 forms: One in his own name, reflecting his social security number and reflecting \$1,330.53 in earnings for 2004; the other was in the name of TC Consulting, and reflected the previously unused employer identification number for TC Consulting, and reflected \$40,466.30 in earnings for 2004.¹⁹ In 2007, Hubal's 1099s reverted back to the practice of paying him in his own name, with his own social security number. However, in 2008, Hubal received two 1099s: The first in Hubal's name with his own social security number and the second in the name of TC Consulting with the "new" employer identification number for TC Consulting. Notably, the CIU was advised by the District's Accounts Payable Department that the method of paying Hubal partly as an individual and partly as his business alter ego was a practice unique to Hubal; no other District employee, contractor or vendor has the same arrangement. The CIU was further advised by Accounts Payable that it was Thomas who directed that payments to Hubal be made in this manner.

A review of Hubal's tax returns appears to reveal improper reporting of deductions, income and mileage, including, but not limited to those actions described below:

As noted earlier herein, and notwithstanding the impropriety surrounding the mileage vouchers submitted to the District, Hubal was reimbursed for travel expenses by the District. From 2006 through 2009, Hubal's 1099s from the District included the amounts paid for his travel stipend, although for part of 2006 he was paid by the mile, not by a sum certain, which was not included in the 1099 for the 2006 tax year. However, prior to February 1, 2006, Hubal received travel reimbursement, which, in almost all instances, was not reported on the 1099s received from the District. In spite of the District's reimbursement, Hubal's tax returns reflect that he deducted business mileage using standard mileage rates from 2002 through 2009, and "actual" costs from 1998 through 2001. Because Hubal was reimbursed for his mileage, he should not have deducted such mileage from his tax returns without reporting the reimbursements amounts received from the District.

Notably, in 2008, Hubal only reported the income from one of the two 1099s he received.

¹⁹ On at least three (3) occasions, Hubal provided the previously unused employer identification number to the District.

In light of the foregoing information related to the antics surrounding the reporting of both the District and Hubal, the CIU questions whether Hubal properly reported his income to the Internal Revenue Service (hereinafter “IRS”) and the New York State Department of Tax and Finance (hereinafter “NYS Tax”) and obstructed the IRS’s and NYS Tax’s ability to ensure Hubal’s proper payment of his federal and state tax assessments.

The CIU has informed the Oneida County District Attorney of its concerns and will continue to work cooperatively with the District Attorney to ensure a proper and expeditious resolution to these concerns has been reached.

VII. CIU RECOMMENDATIONS

Over the scope and course of this investigation, the administrative personnel within the District have changed several times. In the past, the CIU did not receive the appropriate cooperation from District Officials, and further, faced tactics from Thomas that ranged from uncooperative to obstructive in nature.

With the new Board’s appointment of new administrative personnel, in particular the newly appointed Assistant Superintendent for Business and Finance, the CIU has gained a partner, not only in conducting this investigation, but with making changes within the District (including the early termination of Hubal’s contract) to assure the taxpayers that their hard earned dollars are being used properly, especially in these trying economic times. The District, with the help of the CIU, has begun taking affirmative measures to protect the taxpayers from these types of improper (and potentially criminal) practices of the past. The CIU views the District’s measures as a move toward further prudent fiscal responsibility, and a chance to improve the overall quality of the financial standing of the District for the betterment of its students and taxpayers.

In light of the forgoing, the CIU recommends that the District:

1. Continue to provide support to the CIU, Oneida County District Attorney and all other State and Federal investigative and prosecutorial entities as needed in any current and/or future actions;
2. Recover all inappropriate travel payment to Hubal;
3. Conduct a thorough risk assessment and continue to review policies and practices of old that are vulnerable to fraud, waste, abuse and corruption;
4. Improve internal controls with respect to employment, procurement, contracting and reimbursement practices;
5. Continue to work with the Board of Education Members to assure that Members are informed and not misled about matters concerning taxpayer dollars;
6. Administrative personnel attend training with respect to employment, procurement, contracting, reimbursement, and income reporting practices and subsequently ensure that training is provided to District staff.