

Berne-Knox-Westerlo Central School District

Monthly Records and Reports

JULY 2018



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Berne-Knox-Westerlo Central School District

Audit Objective

Determine if the Board is provided timely and detailed financial information.

Key Findings

- Detailed budget to actual reports are not provided to the Board timely.
- Bank reconciliations are not prepared timely.

Key Recommendations

- The Business Manager should ensure detailed budget to actual reports for revenue and expenditures are provided to the Board each month.
- The Treasurer should ensure bank reconciliations are presented to the Board in a timely manner.

District officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

Background

The Berne-Knox-Westerlo Central School District (District) is located in Albany County and encompasses portions of the Towns of Berne, Knox, Westerlo, New Scotland, Middleburgh, Wright and Rensselaerville.

The elected five-member Board of Education (Board) is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools is the District's chief executive officer and is responsible for the District's day-to-day management.

The School Business Manager (Business Manager) maintains the District's accounting records and manages the financial operations with the assistance of the District Treasurer (Treasurer).

Quick Facts

2017-18 Appropriations	\$23 Million
Employees	250
Students	762

Audit Period

July 1, 2016 – October 31, 2017

Monthly Records and Reports

What Reports Should Be Provided to the Board Monthly?

The District's Board-adopted policy requires the Business Manager to prepare and provide monthly detailed comparisons of budget to actual revenues and expenditures. The reports should identify any variances that require timely budget amendments so that individual appropriations in the budget are not overspent. Other Board policies require Treasurer's reports and bank reconciliations for the prior month to be prepared and presented to the Board monthly. The monthly submission of detailed reports provides the Board an opportunity to monitor the District's financial activities in a timely manner and take actions as necessary to address any issues that arise.

Budget to Actual Reports Were Not Detailed or Presented Monthly

The Business Manager prepared summary budget-to-actual information and presented it to the Board quarterly, however, it only included totals for revenues and expenditures. There was no detailed information for individual revenues and expenditures. Additionally, the reports were submitted on a quarterly basis. Furthermore, for the 2016-17 fiscal year, reports were submitted between 47 and 125 days after month-end, with no reports being submitted for the months ending April 30, 2017 through the end of the audit period. Additionally, the first quarter budget to actual summary report in 2017-18 was not presented until November 13, 2017.

Figure 1: Reports to Board

Months Ending	Board Received	Days Elapsed
7/31-9/30/16	11/21/16	52-113
10/31-12/31/16	2/16/17	47-108
1/31-3/31/17	6/5/17	66-125
4/30-6/30/17	None provided	N/A

The Business Manager stated it had been the practice of the District to prepare and present quarterly budget to actual reports to the Board rather than monthly. The Business Manager stated she did not provide detailed monthly budget to actual reports to the Board because she did not believe the Board needed that level of detail to make informed decisions. However, without detailed budget to actual reports being prepared and submitted to the Board monthly, the Board's ability to effectively monitor actual results for revenues and expenditures against budgeted amounts, and take necessary action when warranted, is impaired and there is an increased risk of over-spending appropriations or not taking action if actual revenues fall below the budget estimates.

Bank Reconciliations Were Not Timely

The Treasurer prepares the bank reconciliations and includes them in her report to the Board. However, the reconciliations are not prepared and presented to the Board timely. The District has 16 bank accounts including seven in the general fund. We reviewed the bank reconciliations for each of the seven general fund bank accounts prepared by the Treasurer for the 16 months during our audit period to determine when they were prepared and presented to the Board. We found the reconciliations for 15 of the months were presented to the Board more than one month after the end of the month reconciled, including six which were presented more than two months later. The remaining month was submitted timely.

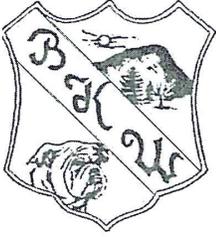
The Business Manager stated timely reconciliation and presentation to the Board has not been prioritized. The Treasurer reconciled all district accounts including the extra classroom activities clubs' as part of the bank reconciliation process which required significant time each month, causing the reconciliation to not be completed timely. Without timely bank reconciliations, there is increased risk of errors, loss, or diversion of cash.

We also examined bank reconciliations for five selected months to determine if they were accurate and adequately supported by source documentation and found they were accurate and adequately supported by documentation including receipts and disbursement records.

What Do We Recommend?

1. The Business Manager should ensure detailed budget to actual reports for revenue and expenditures are provided to the Board each month.
2. The Treasurer should ensure the bank reconciliations are prepared and presented to the Board in a timely manner.

Appendix A: Response From District Officials



Berne-Knox-Westerlo Central School District
1738 HELDERBERG TRAIL · BERNE, NEW YORK 12023

Dr. Timothy Mundell, Superintendent (518) 872-1293
<http://www.bkwschools.org>

District Office · (518) 872-0909 · Fax: (518) 872-0341
Secondary School Office · (518) 872-1482 · Fax: (518) 872-2083
Elementary Office · (518) 872-2030 · Fax: (518) 872-2031
Special Education Office · (518) 872-0945 · Fax: (518) 872-5128

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Berne-Knox-Westerlo Central School District
Monthly Records and Reports
Report of Examination
2018M-82

July 10, 2018

Office of the New York State Comptroller
Attention: Jeffrey P. Leonard, Chief Examiner
One Broad Street Plaza
Glens Falls, NY 12801-4396

This audit response will also serve as the Corrective Action Plan. We agree with both of the auditors' findings that detailed budget to actual reports are not provided to the Board timely and bank reconciliations are not prepared timely. For each recommendation included in the audit report, the following are our corrective actions proposed.

Audit Recommendation:

The Business Manager should ensure detailed budget to actual reports for revenue and expenditures are provided to the Board each month.

Implementation Plan of Actions:

The Business Manager will ensure detailed budget to actual reports for revenue and expenditures are provided to the Board each month.

- The Board of Education business meetings will be scheduled in the latter part of the month to provide adequate time for the Business Manager and Treasurer to accurately prepare required reporting.
- The Business Manager will ensure that all revenues, expenditures and budget adjustments are recorded timely by the Treasurer so that accurate and punctual detailed budget to actual reports can be furnished to the Board. The District Office will accomplish this by reassigning much of the Extraclassroom treasury functions to a stipend position allowing additional time necessary to prepare monthly reports.
- The Business Manager will provide the Board with detailed reports generated directly from the District's Accounting Software producing line by line detail and saving report preparation time.
- Unless there are extenuating circumstances, the School Business Manager will present financial reports to the Board of Education for review within 30 days of the reported month.

Implementation Date:

The planned implementation date of the corrective action plan is September 2018.

Person Responsible for Implementation:

The Superintendent and Business Manager are responsible to ensure the implementation of the above actions.

District Mission Statement:

The B-K-W CSD will provide an environment that fosters the creative, emotional, intellectual, and physical well-being of each student in order to enable a mastery of the curriculum and a life-long learning capability to meet the challenges of the future.

Audit Recommendation:

The Treasurer should ensure the bank reconciliations are prepared and presented to the Board in a timely manner.

Implementation Plan of Action:

The Treasurer will ensure the bank reconciliations are prepared and presented to the Board in a timely manner.

- The Board of Education business meetings will be scheduled in the latter part of the month to provide adequate time for the Business Manager and Treasurer to accurately prepare required reporting.
- The District will introduce a stipend position for an Extraclassroom Activity Treasurer. The Extraclassroom Activity Treasurer will maintain the accounting records for the Extraclassroom Activity Funds, complete Extraclass Activity deposits and process requisitions & payment orders. Removing most of the Extraclassroom financial activity from the District Treasurer will allow her to concentrate on the main funds of the School District and prepare bank account reconciliations and monthly Treasurer's Reports more timely.
- Unless there are extenuating circumstances, the Treasurer will reconcile the bank statements for all accounts, prepare the monthly Treasurer's Report, and present them for Board review within 30 days of the reported month.

Implementation Date:

The planned implementation date of the corrective action plan is September 2018.

Person Responsible for Implementation:

The Superintendent and School Business Manager are responsible to ensure the implementation of the above actions.

Signed:

Matthew Tedeschi
Berne-Knox-Westerlo CSD Board President

7/10/18

Date

District Mission Statement:

The B-K-W CSD will provide an environment that fosters the creative, emotional, intellectual, and physical well-being of each student in order to enable a mastery of the curriculum and a life-long learning capability to meet the challenges of the future.

Appendix B: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We examined the Treasurer's reports, including the bank reconciliations and associated receipt and disbursement reports, which included date and time stamped material, and lists of outstanding checks for all cash accounts in the general fund. We made inquiries of the Treasurer, District Clerk, and Business Manager and reviewed Board minutes and agendas to understand the reconciliation and reporting process and to determine when the Treasurer's reports were completed and presented to the Board.
- We examined the budget to actual information provided to the Board during our audit period to determine if it was adequately detailed, and made inquiry of District officials regarding their use of it.
- We examined the bank reconciliations for the months of September and December 2016 and March, June and September of 2017, and traced them to their source documents (including the receipt and disbursement reports, lists of outstanding checks for all cash accounts and the bank statements in the general fund) to determine if they were accurate and adequately supported.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-1(3) (c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the 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. We encourage the Board to make the CAP available for public review in the District Clerk's office.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/localgov/lgli/pdf/cybersecurityguide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

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www.osc.state.ny.us/localgov/index.htm

Local Government and School Accountability Help Line: (866) 321-8503

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