



District Office

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Internal Audit Services
555 Warren Road
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Dear Ladies and Gentlemen:

In response to your 2008-2009 Internal Audit Risk Assessment Update Report as presented to the Board of Education, Elmira Heights Central School District in October 2009, we submit the following corrective action plan.

Purchasing and Expenditures

Recommendation:

Confirming Purchase Orders – There was a confirming purchase order used for postage. Confirming purchase orders override the purchasing system and should not be used.

Corrective Action Plan – As of the end of October 2008, the District has been using a blanket purchase order for postage. We also try not to ever use confirming purchase orders by using blanket purchase orders for everyday purchases in areas such as maintenance and transportation.

Paid Invoices – Invoices should be marked or stamped “paid” after payment has been processed so that an invoice cannot be paid twice.

Corrective Action Plan – The check copy is attached to each invoice after payment has been made. In addition either the yellow copy of the purchase order or the invoice (where there is no purchase order) is stamped when audited by the internal claims auditor.

Governance

Recommendation:

Request for Proposal (RFP) for Audit Services – The purchasing policy/regulation should reflect the mandatory use of the RFP process for the procurement of an annual independent auditor as required by Chapter 263, Laws of New York 2005, section 6, amended EL 2116-a 3(B).

Corrective Action Plan – The purchasing policy/regulation was changed to reflect the new law.

Investment Policy – The district’s investment policy should contain provisions for the investment of extra-classroom activity funds as suggested best practices in the Safeguarding, Accounting, and Auditing of Extra-classroom Activities Finance Pamphlet 2.

Corrective Action Plan – The policy has been changed to reflect this provision.

Budget Status Report – A budget status report should be prepared for at least quarterly and funds for the 2008-09 school year were not allocated per budget code.

Corrective Action Plan– Budget Status Reports are being prepared monthly when budget transfers have taken place and quarterly otherwise. Allocations by budget code were made prior to finalization of this report. It was not done initially due to the time constraints during the transition from Munis to Wincap. Since then the budget is always initially allocated to individual budget codes.

Authorization for Investing – During the July 2008 reorganizational board meeting the Treasurer was not authorized to invest the district's monies. Policy #5220 – District Investments dictates the board shall authorize this. Also, Policy #1332 does not specify that investing will be done by the District Treasurer.

Corrective Action Plan- The annual reorganizational meetings now specifically authorize the Treasurer to invest the district's monies. Furthermore, Policy #1332 was changed to include investing the district's monies as one of their duties.

Extra-classroom Activities

Recommendation:

Elected Positions – According to Finance Pamphlet #2 elected positions should be filled within the first two weeks of school.

Corrective Action Plan – Extra-classroom advisors have been instructed to hold elections within the first two weeks of school and submit the list of their new officers to the Faculty Advisor and the Central Treasurer by September 30th each year.

Supporting Documentation – Due to lack of proper documentation it was suggested that the Board of Education appoint an individual to a Faculty Auditor position. This position will add value to the receipt and disbursement process by ensuring that appropriate forms with authorized signatures are utilized and completed prior to being submitted to the Central Treasurer.

Corrective Action Plan- The position of Faculty Auditor was created and has been appointed effective with the 2009-2010 school year.

Use of Pre-numbered Consecutive Receipts – Extra-classroom activity forms that are used for deposits and disbursements should be pre-numbered. If possible they should be pre-stamped with the name of the activity. The forms should be centrally located and issued by the Central Treasurer to the activity.

Corrective Action in Plan – Forms are now pre-numbered for both deposits and disbursements. They are kept in the District office vault and assigned to advisors and the number sequence recorded and tracked.

Timely Deposits– All cash receipts should be deposited promptly.

Corrective Action in Plan – The district continually communicates to advisors that deposits are to be submitted in a timely manner. The appointment of the Faculty Auditor will also help to communicate the necessity of timely deposits.

Sales Tax – One receipt during testing lacked the ability to determine if sales tax should have been collected.

Corrective Action in Plan – It is communicated to advisors that the taxability of fundraisers should be considered prior to the fundraising event or activity. The Central treasurer also will confirm the taxability of receipts as she receives them and note that on the face of the receipt.

Assets and Inventory

Recommendation:

Physical Inventory – Per GASB 34 School Districts are required to complete an inventory at least once every 3 years. The last completed inventory was more than 3 years ago.

Corrective Action in Plan – The district completed a physical inventory at 6/30/2010. The inventory had not been done prior to that due to the capital construction project that was being done. Also, our insurance company, NYSIR provides a complimentary full inventory every 5 years. In addition we have implemented a new fixed asset program in which we track all assets and additions and disposals.

We believe we have addressed all recommendations and developed appropriate corrective action plans for them. The District and its employees involved in the financial process continue to strive for the highest level of accuracy.

Sincerely yours,

Debra L. Palmer
Business Manager

Cc: Mary Beth Fiore
Board of Education
Eugene Civik, GST BOCES
New York State Education Department
New York State Office of the State Comptroller

Enter with high expectations – leave with confidence and pride.