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## District Office

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July 16, 2012

Tompkins Seneca Tioga BOCES  
Internal Audit Services  
555 Warren Road  
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Dear Ladies and Gentlemen:

In response to your 2011-12 Internal Audit Risk Assessment Update Report presented to the Board of Education, Elmira Heights Central School District on June 11, 2012, we submit the following corrective action plan.

### **Governance**

#### **Recommendation:**

*Prior Year Audit Reports – The 2010-11 Risk Assessment was presented to the Audit Committee on May 23, 2011. The audit was not accepted by the Board. In addition the corrective action plan was also not prepared and implemented.*

*Corrective Action Plan – The presentation to the Audit Committee was made but a formal resolution was not on the agenda. In the future, formal resolutions will be added to the agenda in advance instead of a board member making a motion at the meeting. Also, the corrective action plan has now been done for the 2010-11 Risk Assessment audit. The District had not received a finalized audit report from the auditor and this step was overlooked. Also, 90 days from the board acceptance date will be entered as a task on our calendar with a reminder date 60 days prior.*

*Corrective Action Plan (CAP) – The CAP was not completed for the 2008-09 Risk Assessment Internal Audit Report. Internal Audit recommends the CAP be prepared, accepted by the BOE and implemented*

*Corrective Action Plan – The CAP has now been completed, accepted by the BOE and implemented. Due to personnel changes at TST BOCES there was a lag in communication and guidance and receiving the final audit report. Therefore, the District neglected to follow through and complete the CAP. The District now uses a log and checklist that will be completed for all audits as presented to the BOE.*

## **Purchasing & Expenditures**

### **Recommendation:**

*Confirming Purchase Orders – A BOCES employee sent a special education student’s hearing equipment to be repaired in the summer without a purchase order and subsequently the District issued a confirming purchase order for the repair.*

**Corrective Action Plan** – The District has implemented the standard use of blanket purchase orders for transportation, maintenance and other contractual obligations such as this repair. This situation occurred in August when the purchase order was in the process of being issued. The CSE Chairperson has also communicated to BOCES special education management and teachers that equipment is not to be sent for repair without a proper blanket purchase order. The district is also taking advantage of technology to issue purchase orders in a timely manner at the beginning of each fiscal year.

*Credit Cards – OSC recommends Districts establish reasonable credit limits for each credit card account. Policy 5580, Use of District Credit Card, did not state a limit for credit cards. Internal audit recommends the policy state a credit limit. It was also noted that a Sam’s Club credit card account had a \$5,000 limit.*

**Corrective Action Plan** – The District will review and revise Policy 5580 to set reasonable limits for credit cards. Also, the District requested the Sam’s Club credit limit be lowered to \$2,000. The limit was initially assigned by Sam’s Club when we applied for credit. In the future new accounts will be established within the policy limits.

*Purchase Order Tolerance – The District’s purchase order tolerance is 10% above the PO amount. However, WinCap did not have the PO tolerance set at all. Internal audit recommends the PO tolerance be set to 10% in WinCap.*

**Corrective Action Plan** – The District had requested that BOCES WinCap support personnel set the tolerance at 10% however, it was not done. The District requested this again after the audit revealed it was not set and confirmed that it was done.

*Quotes – Internal Audit noted that 1 of 7 purchases sampled did not have required quotes. District Regulation 5410R.1 requires any purchase less than \$750, have at least 2 catalog price sheet comparisons obtained by the originator. During testing, Internal Audit noted a \$390 purchase made without 2 catalog price sheet comparisons. Internal Audit recommends reviewing the District’s purchasing requirements with all employees. Requisitions and/or purchase orders without required quotes should not be approved. Internal Audit also recommends the Board review the quote requirements to determine appropriate, necessary and reasonable dollar amounts. The purchasing policy should be updated with any changes the Board makes.*

**Corrective Action Plan** – District practices will be reviewed and changes made to Regulation 5410R.1 after we have determined appropriate, necessary and reasonable dollar amounts. The purchasing policy will also be updated if necessary.

*Competitive Bidding - Chapter 56 of the Laws of 2010 amended section 103 of NYS General Municipal Law. The threshold for purchase contracts subject to competitive bidding is now \$20,000. This amount was \$10,000 previously. Chapter 494 of the Laws of 2009 also amended section 103 of NYS General Municipal Law. All public works contracts more than \$35,000 are*

*now subject to competitive bidding. This amount was \$20,000 previously. Internal Audit recommends the purchasing policy be updated to include the new competitive bidding threshold dollar amounts.*

**Corrective Action Plan** – The Board Policy has been updated to reflect the changes in NYS General Municipal Law.

### **Payroll & Personnel**

#### **Recommendation:**

*Form I-9 - The Department of Homeland Security of the Office of Management and Budget (OMB No. 1615-0047), requires that all employees, citizens and non-citizens, hired after November 6, 1986 and working in the United States must complete an Employment Eligibility Verification Form (I-9). Per instructions, employers must complete section 2 of the form within three business days of the date employment begins, and sign and date the certification. Internal Audit noted the “employment begins” date, and the “employer certification” date is not always filled out for 2 of 10 I-9s sampled. Therefore, Internal Audit was unable to determine if the District completed the I-9 within three business days of the employee beginning work for the District.*

*The I-9 instructions, section 2, state the employer is to record the title, number and expiration date, if any, of the documents submitted for verification. Some examples of documentation are a driver’s license, social security card, and passport. Internal Audit also noted I-9 section 2 is not always completed and identification is photocopied rather than completing the portion indicating the required examination of documents in lists A, B, or C. The I-9 instructions state it is acceptable for photocopies to be obtained and attached, but all of section 2 must be completed by the employer. Internal Audit noted 3 of 10 I-9’s sampled were not properly filled out.*

*Internal Audit recommends the District reviews all personnel files to ensure all I-9 forms are present and properly filled out for all employees hired after November 6, 1986. Individuals who do not have a form on file should be requested to fill one out. Forms that are found to be incomplete should be completed.*

**Corrective Action Plan** – The findings have been reviewed with the Human Resources secretary who routinely completes the I-9s. The “employment begins” date and the “employer certification” dates will be filled in. In the past the District’s practice was to copy the documentation and attach it to the I-9. This will continue to be done but the secretary has been instructed to complete all of section 2, including title, number and expiration date. In addition a review will be performed of all I-9s to ascertain this is done. Incomplete forms will be corrected.

### **Extra-classroom Activities**

#### **Recommendations:**

*Untimely Deposits – Internal Audit noted deposits not made timely. The district should continue to communicate the importance of following proper cash receipts protocol to all staff and student treasurers.*

**Corrective Action Plan**– The district continues to stress the importance of timely deposits both verbally and in writing. An extra-classroom meeting was held in the fall of 2011 and this was again stressed to advisors that this is a very important procedure. We also intend

to hold workshops for both the advisors and treasurers in the fall on 2012 where this will be stressed again.

*Receipts – Internal Audit noted a deposit of \$180 from a T-Shirt sale. No documentation showing the student’s names or amount paid for the T-Shirts was present. Internal Audit recommends receipts showing the student’s name and amount paid are issued to students. Internal Audit also recommends receipt copies be included with the deposit as supporting documentation. Internal Audit noted this issue in 1 of 5 receipts sampled.*

*Corrective Action Plan–*

*Invoices – Internal Audit noted missing invoices and invoices without the vendor name, address, items purchased, and amount due. Internal Audit recommends student officers and/or faculty be prohibited from requesting disbursements with the central treasurer without proper invoices. Internal Audit noted these issues in 2 of 5 receipts sampled.*

*Corrective Action Plan–*

*Student Ledgers – Internal Audit noted a disbursement not recorded in the student ledger. The District should continue to communicate to faculty and student officers the importance of maintaining student ledgers and properly recording receipts and disbursements.*

*Corrective Action Plan–* The importance of maintaining student ledgers continues to be communicated to advisors and students. The faculty auditor continues to review all ledgers at least twice per year and ascertain that the ledgers are kept and reconciled on a monthly basis to the account statements sent to them by the Central Treasurer.

The District and its employees continue to correct internal weaknesses as recommended by Internal Audit and seek to continually improve operations.

Sincerely yours,

Debra L. Palmer  
Business Manager

Cc: Mary Beth Fiore  
Board of Education  
Eugene Civik, GST BOCES  
NYSED Office of Audit Services

*Enter with high expectations – leave with confidence and pride.*