



## District Office

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August 12, 2020

Tompkins Seneca Tioga BOCES  
Internal Audit Services  
555 Warren Road  
Ithaca, New York 14850-1898

Dear Ladies and Gentlemen:

In response to your 2019-2020 Purchasing and Expenditures Internal Report presented to the Board of Education, Elmira Heights Central School District on August 12, 2020 we submit the following corrective action plan.

### **Exceptions and Recommendations:**

1. Confirming Purchase Order - Internal Audit noted an annual subscription renewal was charged to a credit card without an approved purchase order. Internal Audit recommends reminding staff of proper purchasing procedures. Internal Audit also recommends purchase orders be issued for all credit card purchases before the purchase is made.

Will review with staff purchasing procedure that includes that an approved purchase order must be issued prior to making any purchases.

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2. Receipts - Employees are required to reimburse the District for lost receipts or unauthorized purchases on the District credit card. A \$5 unauthorized purchase was not reimbursed to the District by an employee. Internal Audit recommends the District create an accounts receivable billing at the time an unauthorized purchase or lost receipt is noted for proper tracking procedures.

Will review process with claims auditor to ensure that if such situation is noted on the claims audit report that the Business Official and Accountant are notified at that time so that the appropriate accounts receivable can be set up. For the item noted in this report the appropriate accounts receivable was generated and has been paid by the employee.

3. PBIS Prize Amounts - Positive Behavioral Interventions and Supports (PBIS) is a program to encourage appropriate student behavior. Students are rewarded prizes for good behavior. Internal Audit noted prizes ranging from \$1 to \$10 purchased as PBIS. Internal Audit also noted gift cards ranging from \$5 to \$250, and 2 VIZIO LED Smart TV's for \$114 each, purchased as PBIS. Per Article 8, Section 1 of the New York State Constitution, public funds cannot be used for gifts or the benefit of private individuals. For example, the District cannot purchase jackets for students who have participated in athletic activities. The law also states when a public purpose is served, the District may purchase a plaque of nominal value in recognition of service by unsalaried individuals, or pins for employees in recognition of their years of service. Internal Audit recommends the District consult the school attorney to determine a reasonable dollar limit per PBIS award.

We will place a limit of \$25 for prizes and/or awards under the PBIS program. This will be communicated to those staff that are assigned to the PBIS and are authorized to submit a purchase request.

4. PBIS Prize Procedures - Internal Audit noted gift cards ranging from \$5 to \$250 purchased as PBIS. Records showing who received the gift cards are not kept. Internal Audit recommends all gift card purchases be approved by the school business executive prior to purchase. Internal Audit also recommends the District keep a record of each gift card purchased including the vendor and amount, the name of the student receiving the card, and the student's signature once the card is received. The gift card record will be submitted to the district office for reconciliation with the purchase order for the gift cards. Additionally, Internal Audit noted PBIS purchased on the District credit card with blanket purchase orders. Internal Audit recommends discontinuing the use of blanket purchase orders for all PBIS purchases. This will allow for proper review of PBIS items before they are actually purchased, and the proper tacking of gift cards purchased. The District might consider purchasing PBIS from vendors who accept purchase orders instead of using the credit card in order to reduce the amount of activity on the card as a best practice.

Purchasing clerk will review receipts for purchases of gift cards. A log will be provided to PBIS staff to record the amount and to whom each individual gift card is awarded. If a gift in excess of \$25 is purchased, that card will need to be held in the District Office vault and signed out for use. Appropriate receipts for purchases on the gift card will be

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turned back into the District Office along with the card. We will encourage use of vendors that will accept District purchase order instead of credit card use.

We thank you for your recommendations. District personnel will continue to strive to improve controls and communication to continually improve operations.

Sincerely.

Martha Clark  
Business Manager

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