

Farmingdale Union Free School District

50 Van Cott Avenue
Farmingdale NY, 11735

THE GOAL OF THE FARMINGDALE PUBLIC SCHOOLS IS TO ESTABLISH OURSELVES AS A HIGH ACHIEVING SCHOOL DISTRICT AS EVIDENCED BY HIGH LEVELS OF STUDENT PERFORMANCE IN ALL AREAS.

Board of Education Regular Meeting
October 4, 2017

EXECUTIVE SESSION, 6:00 P.M. – Howitt Middle School Library

It is anticipated that upon a majority vote of the total membership of the Board, a motion to meet in Executive Session to discuss specific litigation, collective bargaining, and personnel issues in accordance with Open Meetings Law will be considered. Following the Executive Session the Board will reconvene in the Howitt East Cafeteria at approximately 8 p.m.

PUBLIC MEETING, 8:00 P.M.

Howitt East Cafeteria

The Board of Education is interested in encouraging all members of the public to share their ideas, comments and questions. Public participation opportunities will be available at the beginning and end of this meeting and, as stated in board policy, no person shall speak for more than three minutes and each period of public participation shall be limited to 30 minutes. If you have any questions or concerns regarding matters on the Agenda, it may be important for you to utilize the first public participation opportunity as the Board will act on those items immediately. Charges, complaints or challenges should follow procedures listed under Policies 1400, 1410 and/or 1440, which are included on the materials table. Thank you for your anticipated courtesy and cooperation. The agenda follows:

IN THE EVENT OF FIRE AND/OR IF YOU HEAR THE FIRE BELL, YOU MUST LEAVE THE BUILDING. PLEASE USE THE NEAREST EXIT, WHICH IS TO YOUR RIGHT IN THE BACK OF THIS ROOM.

Call to Order

Pledge of Allegiance

Superintendent's Update

- Don Hoffman- Cullen & Danowski
- Presentation: Cultural Shifts and the Vision for Student Success & Equity

Public Participation

Board of Education Minutes

Motion made by _____, seconded by _____ to approve the minutes of

1. Minutes of Aug 30, 2017 Special Meeting/Set Tax Levy
2. Minutes of Sep 13, 2017 Regular Meeting

Board Correspondence

Board Committee Reports

Consideration of Consent Agenda:

Motion made by _____, seconded by _____ that the Consent Agenda consisting of Items I (a-c), II (a-d), and III (a-d) be approved as a whole with action recorded separately.

I. Business Report

a. Acceptance for File of Financial Reports

1. Approval of Treasurer's Report - August 2017
2. Approval of Extra Curricular Reports - July & August 2017

b. Approval of Contracts and Agreements

1. Approval of a Tuition Agreement with Bethpage Union Free School District for 2017/18 School Year
2. Approval of an Application and Contract with National Grid for Gas Services
3. Approval of Rental Contract Agreement with The Costumer
4. Approval of a Photographic and Videographic Services Contract for the 2017/18 School Year
5. Approval of News 12 Varsity Network LLC All Events License

c. Approval of Award of Bid to Morton Buildings, Inc. for New Maintenance Building at Farmingdale High School

II. Items for Action

- a. Approval of Declaration of Obsolete Textbooks and Library Books
- b. Approval of the Response to Intervention (RTI) Plan for the 2017-18 School Year
- c. Approval of Textbook Adoption: New York Social Studies 2018
- d. Appointment of a School Medical Inspector Pursuant to Section 913 of Education Law and Approval of a Section 913 Medical Examination of an Employee Named in Executive Session

III. Superintendent's Report

- a. Personnel Items -- Instructional
- b. Personnel Items -- Non-Instructional
- c. Approval of Committee on Preschool Special Education Placements Report and Acceptance for File of Said Report
- d. Approval of Committee on Special Education Placements Report and Acceptance for File of Said Report

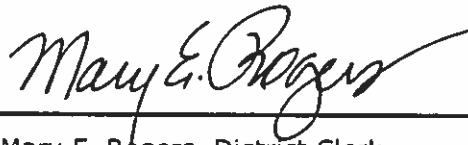
IV. Items for Discussion and Action

Motion made by _____, seconded by _____ to accept and approve

- 1. Acceptance of the Risk Assessment Update Report for 2016/17 School Year
- 2. Acceptance of Agreed Upon Procedures Audit Report & Corrective Action Plan for 2016/17 School Year
- 3. Approval of Tax Levy for the 2017/18 School Year

Public Participation

Adjournment



Mary E. Rogers, District Clerk

Board of Education
50 Van Cott Ave
Farmingdale, NY 11735

Meeting: 10/04/17 08:00 PM
Department: Assistant Superintendent of Business
Category: Action Item
Prepared By: Ro Fullam
Initiator: Paul Defendini
Sponsors:
DOC ID: 4414

SCHEDULED

CONSENT ITEM (ID # 4414)

Acceptance of the Risk Assessment Update Report for 2016/17 School Year

RESOLVED, that the Farmingdale Union Free School District Board of Education accept the Risk Assessment Update Report completed in the 2016/17 school year.

Farmingdale Union Free School District
Risk Assessment Update Report
August 11, 2017

Attachment: Risk Assessment Update Report for 2016-17 School Year - October 4, 2017 (4414 : Acceptance of the Risk Assessment Update

VINCENT D. CULLEN, CPA
(1950 - 2013)

JAMES E. DANOWSKI, CPA
PETER F. RODRIGUEZ, CPA
JILL S. SANDERS, CPA
DONALD J. HOFFMANN, CPA
CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Risk Assessment Update Report

To the Board of Education and Audit Committee
Farmingdale Union Free School District
Farmingdale, New York

We have performed the annual risk assessment update of Farmingdale Union Free School District (District) as required by Chapter 263 of the Laws of New York, 2005 and as per our agreement of July 1, 2017.

This engagement is in accordance with auditing standards generally accepted in the United States of America and the applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also considered the guidelines promulgated by the New York State Education Department in connection with such risk assessments.

Specifically, we performed the following:

- We reviewed our understanding of the critical business processes of the District. These critical business processes included, but were not limited to:
 - Governance and planning
 - Accounting and reporting
 - Revenue and cash management
 - Payroll and related benefits
 - Purchasing and related expenditures
 - Facilities and equipment
 - Student services
 - Student related data
 - Information technology
- We identified the key risks based on our understanding of these business processes.
- We identified the stated controls that are currently in place to address those risks.

These procedures were accomplished through interviewing District management and accounting and other departmental personnel to determine the flow of accounting information and controls placed in operation. The scope of our engagement did not include testing the operating effectiveness of such controls.

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Our procedures were not designed to express an opinion on the internal controls of the District, and we do not express such an opinion. Additionally, because of inherent limitations of any internal control, errors or fraud may occur and not be prevented or detected by internal controls. Also, projections of an evaluation of the accounting system and controls to future periods are subject to the risk that procedures may become inadequate because of changed conditions.

We would like to express our appreciation for the cooperation and assistance that we received from the District's administration and other employees during our engagement, especially the Business Office personnel.

This report is intended solely for the use and information of the Board of Education and its Audit Committee and the management of the Farmingdale Union Free School District, and is not intended to be and should not be used by anyone other than these specified parties.

Cullen & Danowski, LLP
August 11, 2017

Attachment: Risk Assessment Update Report for 2016-17 School Year - October 4, 2017 (4414 : Acceptance of the Risk Assessment Update

FARMINGDALE UNION FREE SCHOOL DISTRICT
Introduction
August 11, 2017

Chapter 263 of the Laws of New York, 2005 requires most districts to create an internal audit function. The creation of this function requires districts to engage either a qualified audit firm or individual to make an initial risk assessment of the design of the district's internal controls; annually update this assessment; and, periodically test these controls for operational effectiveness and efficiency. This report addresses the second requirement, which is an annual risk assessment update.

Internal controls are the checks and balances over the various processes or functions that comprise the operations of a district. As previously mentioned, we have identified the following key processes to be considered in the risk assessment update (Note: each one of the key processes is comprised of sub-functions.)

- Governance and planning
- Accounting and reporting
- Revenue and cash management
- Payroll and related benefits
- Purchasing and related expenditures
- Facilities and equipment
- Student services
- Student related data
- Information technology

One key element in any internal control system is the concept of **segregation of duties**. This concept ensures that one person cannot execute a transaction without at least one other individual checking his or her work. Of course, where segregation of duties is not feasible, the district can employ compensating controls.

Nevertheless, there are some important concepts that should be understood when reviewing internal controls. These concepts are:

- An internal control system is designed to provide reasonable but not absolute assurance in safeguarding the assets of the district.
- The concept of reasonable assurance recognizes that the cost of the internal control should not exceed the benefits derived.
- There are inherent limitations that should be recognized in considering the potential effectiveness of any internal control system, e.g., errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. More importantly, it is **collusion** that poses the greatest threat to any internal control system. If two employees collude in order to circumvent the controls set up by the district, they could perpetrate a fraud.

The initial risk assessment required the internal auditor to obtain an understanding of both the inherent and control risks associated with the various functions within the District. The risk assessment update requires the internal auditor to identify the changes in procedures, policies, personnel, and systems that may have an impact on these risks and possibly alter the initial risk assessment's level of control risk.

Control risk measures the adequacy of internal controls designed to mitigate the inherent risk within the process. In this engagement, we have assessed the control risk based upon our interview process. The testing of the controls, which is performed during the detailed testwork, could support the lowering of the prior control risk assessment associated with individual processes and sub-functions.

FARMINGDALE UNION FREE SCHOOL DISTRICT
Introduction (Continued)
 August 11, 2017

We have organized this report into the following four sections:

The first section is a risk assessment table. In this table, we identify the processes or functions that we have reviewed. This table includes our assessment of the control risk associated with each process. There are two control risk columns to reflect the prior year risk assessment level and the current year risk assessment level based on the results of the risk assessment update as well as the detailed testwork performed for selected processes. Since the testing of controls has not been done for all processes, it is important to note that this table should not be viewed as the final assessment of the District's control environment. The Risk Assessment Table also includes our suggestions for processes to be tested during the coming year. However, the decision of which processes to review in detail is at the discretion of the Audit Committee.

The second section includes the current observations and recommendations based on new findings identified during this risk assessment update. These are categorized based upon the areas of our audit program similar to the prior risk assessment report and these findings have been considered in the assessment of the level of control risk.

The third section contains the current status of the observations and recommendations that are still open for areas of potential improvement in the District's internal controls or operations included in the following reports:

<i>Report Type</i>	<i>Issue Date</i>	<i>Area(s)</i>
Risk Assessment	July 22, 2016	District-wide
Agreed-Upon Procedures	July 22, 2016	Various Areas

These results have been considered in the assessment of the level of control risk.

The fourth section contains the observations and recommendations included in the prior risk assessment and/or agreed-upon procedures reports that are now considered closed. The fact that these items have been implemented or resolved was considered in the assessment of the level of control risk.

Some of the recommendations may require a reassignment of duties and/or an addition to Business Office personnel. However, any enhancement of controls should be done after a careful cost-benefit analysis.

Commissioner of Education Regulation §170.12(e)(4) requires that a corrective action plan, approved by the Board of Education, must be filed within 90 days of issuance with the New York State Education Department.

The District should send the Corrective Action Plan (CAP) along with the respective Internal Audit Report via mail or email to the addresses listed below. The report needs to accompany the CAP to allow the Office of Audit Services (OAS) to reconcile the District's CAP to the report to ensure all items have been addressed (i.e., CAP is not missing anything).

Submission Information - Mail & Email

New York State Education Department (NYSED)
 Office of Audit Services (OAS)
 89 Washington Avenue
 Room 524 EB
 Albany, NY 12234
Esanda133@mail.nysed.gov

Contact

Office of Audit Services
 (518) 473-4516

FARMINGDALE UNION FREE SCHOOL DISTRICT
Risk Assessment Table
 August 11, 2017

(L=Low, M=Moderate, H=High)

Business Process Area	Date of Detailed Testing*	Date of Limited Testing**	Control Risk		Proposed Detailed Testing
			Prior Year	Current Year	
Governance and Planning					
Governance Environment			L	L	
Control Environment			L	L	
Strategic Planning			M	M	
Budget Development			M	M	
Budget Administration			M	M	
Accounting and Reporting					
Assessing Financial Condition			L	L	
Financial Accounting and Reporting			M	M	
Auditing			L	L	
Financial Oversight			M	M	
Fund Balance Management			M	M	
Revenue and Cash Management					
Real Property Tax			L	L	
State Aid			M	M	
Medicaid			M	M	
Out of District Tuition			M	M	
Use of Facilities			L	L	
Donations			M	M	
Collection & Posting of Receipts	12/06/11	7/22/16	L	L	
Cash Management			M	M	
Investment Management			M	M	
Petty Cash			L	L	
Bank Reconciliations	12/06/11	7/22/16	L	L	
Grants and Special Education					
General Processing/Monitoring	3/26/13		L	L	
Grant Application			M	M	
Allowable Costs	3/26/13		L	L	
Cash Management			M	M	
Reporting and Monitoring	3/26/13		L	L	
Compliance	3/26/13		L	L	
Payroll, HR and Related Benefits					
Payments to Employees	8/13/15	7/22/16	L	L	✓
Allocation of Expenditures	8/13/15		L	L	
General Employee Administration			M	M	✓
Employee Benefit Administration	10/28/08		L	L	
Employee Attendance	4/26/10	7/22/16	L	L	
Hiring/Termination of Employees			M	M	

* Indicates the issuance date of an agreed-upon procedures report (AUP) for that area.

Attachment: Risk Assessment Update Report for 2016-17 School Year - October 4, 2017 (4414 : Acceptance of the Risk Assessment Update

**FARMINGDALE UNION FREE SCHOOL DISTRICT
Risk Assessment Table (Continued)
August 11, 2017**

(L=Low, M=Moderate, H=High)

Business Process Area	Date of Detailed Testing*	Date of Detailed Testing**	Control Risk		Proposed Detailed Testing
			Prior Year	Current Year	
Purchasing and Related Expenditures					
PO System	12/16/11		L	L	
Payments Outside PO System	12/16/11		L	L	
Purchasing Process	12/16/11		L	L	
Allocation of Expenditures	12/16/11		L	L	
Payment Processing	12/16/11		L	L	
Travel and Conferences	12/16/11		L	L	
Credit Cards/House Accounts	12/16/11	7/22/16	L	L	
Facilities					
Facilities Maintenance			M	M	
Construction Planning			M	M	
Construction Monitoring			M	M	
Construction Completion			M	M	
Fixed Assets					
Acquisition and Disposal	7/12/14		L	L	
Inventory	7/12/14		L	L	
School Environment					
Safety and Security			M	M	
Student Transportation					
Fleet Maintenance			M	M	
Risk Management			M	M	
Personnel Compliance			M	M	
Facilities Maintenance and Security			M	M	
Food Service					
Federal and State Reimbursement			M	M	
Sales Cycle and System		7/22/16	M	L	
Inventory and Purchases			M	M	
Eligibility Verification			M	M	
Extraclassroom Activity Fund					
General	5/29/09		M	M	
Cash and Cash Receipts	5/29/09	7/22/16	M	M	
Expenditures and Purchasing	5/29/09	7/22/16	L	L	
Inventories	5/29/09		M	M	
Student Related Data					
Tracking Student Attendance	4/26/11		M	M	
Student Performance Data			M	M	
Information System					
Governance			M	M	
Network Security			M	M	
Financial Application Security	8/13/15	7/22/16	M	L	
Other Application Security			M	M	
Disaster Recovery			M	M	

* Indicates the issuance date of an agreed-upon procedures report (AUP) for that area.

Attachment: Risk Assessment Update Report for 2016-17 School Year - October 4, 2017 (4414 : Acceptance of the Risk Assessment Update

FARMINGDALE UNION FREE SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
August 11, 2017

CURRENT OBSERVATIONS AND RECOMMENDATIONS

None noted.

STATUS OF PRIOR OBSERVATIONS AND RECOMMENDATIONS (OPEN ITEMS)

None. All items have been addressed.

STATUS OF PRIOR OBSERVATIONS AND RECOMMENDATIONS (CLOSED ITEMS)

Recommendations from the agreed-upon procedure report dated August 13, 2015

Annual Rollover of Salaries

We recommended that the District develop a checklist related to the annual roll-over of salaries. This checklist should identify procedures to be followed to help ensure there are no errors in the initial payroll of each year. As an example, a list of staff that were on leave of absence should be reviewed by appropriate staff and a determination made if a step change is warranted.

Update June 2016

The District intended to develop this checklist during the July and September 2016 rollover of salaries. This would be the first year that the District performed the rollover using NVision. We discussed that the checklist should document all processing that takes place within the NVision software, but should also document the various procedures and approvals performed to help ensure the accuracy and completeness of the rollover process.

Update June 2017 (This issue is now closed)

The District has developed a checklist that was used to support the July and September 2016 salary rollovers. This checklist will be updated each year to include documentation of the key processes and approvals that are performed to help ensure that the payroll is accurate.

Recommendations from the agreed-upon procedure report dated July 22, 2017

NVISION ACCESS

Findings:

- Based on this review, access levels granted to staff were adjusted in several areas. The District now has a fuller understanding of the access control system of NVision and will be able to manage access levels adequately.

Recommendations:

We recommended that the District periodically (annually) perform a complete review of access levels granted to users for each module. This would help ensure that access permissions that might have been removed due to a change in responsibilities are addressed.

FARMINGDALE UNION FREE SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
August 11, 2017

Update June 2017 (This issue is now closed)

A complete review has been performed by both Business Office Administration and Information Technology (IT) Administration in order to ensure appropriate access was granted. The intent is that this review will be performed annually.

Staff Attendance

Findings:

- It was found that the time taken for individuals who take partial days off could not be verified accurately because there was no time indicator on the sign-in and sign-out sheets.

Recommendations:

We recommended that the individuals who are signing out early or signing in late time stamp their sign-in sheets in order to allow the Attendance Clerk to properly verify their time.

Update June 2017 (This issue is now closed)

This has been implemented. However, due to privacy concerns, the time at which staff left for the day is maintained by clerical staff at one of the schools and not on the written sign-in / sign-out sheet.

Cash Receipts

Findings:

- It was noted that as of June 16, 2016, the cash receipt numbers for the April cash receipts were only input through April 15th.

Recommendations:

We recommended that the District prepare detailed guidelines for the timing of deposits and completion of the matching of deposits to the Receipts Log.

Update June 2017 (This issue is now closed)

The District has implemented procedures so that the actual deposits are compared to the receipts log on a timely basis.

Health Insurance Benefits

Findings:

- It was noted during our testing that one employee was not rolled over to the new rate by the Payroll Department at January 1, 2016, due to a prior minor data entry error. The effect was that on a year-to-date basis this employee had underpaid his share of insurance by approximately \$300. The error was caused by the fact that this one employee's withholding had been incorrectly input by 40 cents in the

FARMINGDALE UNION FREE SCHOOL DISTRICT
Risk Assessment Update Report (Continued)
August 11, 2017

prior year, and as such was not rolled over to the new amount because the Payroll Department had not noted that this withholding amount was different from all other staff.

Recommendations:

We recommended that procedures be implemented to ensure that all prior year deduction amounts are reviewed and updated as necessary. This would include developing a checklist to help ensure all procedures are performed.

Update June 2017 (This issue is now closed)

The District implemented procedures this year to ensure that all employee deductions are reviewed and updated. Pivot tables were used to identify the amounts withheld from employees and each deduction was reviewed and updated as necessary.

Home Depot Invoices

Findings:

- There was no evidence of a review of each invoice despite the controls in place. Only a summary sheet that accompanies the invoices to Accounts Payable was signed by the Director of District-wide Operations.
- There was no notation on any invoice regarding the purpose of the expenditure, and on some invoices there is no description of the item purchased. In some cases, a "Special Services Customer Invoice" was not included in the voucher package. (This document identifies the items purchased and the person who received the goods, and in some instances the description of the item purchased).
- District procedures require quotes and separate purchase orders when the materials purchased exceed \$500. This procedure had not been followed.

Recommendations:

We recommended that the District review the procedures related to purchasing goods from Home Depot, reviewing invoices, documenting approvals of the invoices and determining the documentation included in each voucher package. Consideration should have been given to the amount of the invoice; however, we also believe that some explanation of the use of the goods and materials should be provided on invoices above a threshold (or all invoices). Once the procedures are developed, Districtwide Operations staff, Accounts Payable and the Claims Auditor should be advised of the procedures.

Update June 2017 (This issue is now closed)

We reviewed the Home Depot invoices for this fiscal year. There is clear improvement in adherence to the limit that any spending over \$500 requires a separate purchase order, and the sign offs and explanations for the purpose of the expenditure improved during the year. Refer to our agreed-upon procedure report dated August 11, 2017, for current findings related to this issue.

Board of Education
50 Van Cott Ave
Farmingdale, NY 11735

Meeting: 10/04/17 08:00 PM
Department: Assistant Superintendent of Business
Category: Action Item
Prepared By: Ro Fullam
Initiator: Paul Defendini
Sponsors:
DOC ID: 4415

SCHEDULED

CONSENT ITEM (ID # 4415)

Acceptance of Agreed Upon Procedures Audit Report & Corrective Action Plan for 2016/17 School Year

RESOLVED, that the Farmingdale Union Free School District Board of Education accept the Agreed Upon Procedures Audit Report related to Various Districtwide Processes and Procedures completed in the 2016/17 school year and to approve the Corrective Action Plan for the Various Districtwide Processes and Procedures Agreed Upon Procedures Audit Report.

**Farmingdale Union Free School District
Independent Accountant's Report On
Applying Agreed-Upon Procedures
August 11, 2017**

Attachment: Internal Audit Report (Agreed Upon Procedures) & Corrective Action Plan for 2016-17 - October 4, 2017 (4415 : Acceptance of

VINCENT D. CULLEN CPA
(1950 - 2013)

JAMES E. DANOWSKI, CPA
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CHRISTOPHER V. REINO, CPA
ALAN YU, CPA

CULLEN & DANOWSKI, LLP
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

To the Board of Education and Audit Committee
Farmingdale Union Free School District
Farmingdale, New York

We have performed the procedures described in the following pages, which were agreed to by the Farmingdale Union Free School District (District), to determine the various processes and procedures of the District for the period July 1, 2016 through April 30, 2017.

The District's management is responsible for administering this area.

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in the following pages.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the various areas of the District. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We would like to express our appreciation for the cooperation and assistance that we received from the District's administration and other employees during our engagement.

This report is intended solely for the information and use of the District and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purpose.

Cullen & Danowski, LLP
August 11, 2017

FARMINGDALE UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures
For the Period Ended April 30, 2017

Introduction:

This report is organized as follows: categorized by function (i.e., security access, attendance, etc.), and there are three sections under each function consisting of:

- Background Information and Procedures Performed
- Findings as a result of our review
- Recommendations to further strengthen internal controls or improve operational efficiency.

Some of the recommendations may require a reassignment of personnel duties within the District and/or a monetary investment. However, any enhancement of controls should be done after a careful cost-benefit analysis.

Corrective Action Plan:

Commissioner of Education Regulation §170.12(e)(4) requires that a corrective action plan, approved by the Board of Education, must be filed within 90 days of issuance with the New York State Education Department.

The District should send the Corrective Action Plan (CAP) along with the respective Internal Audit Report via mail or email to the addresses listed below. The report needs to accompany the CAP to allow the Office of Audit Services (OAS) to reconcile the District's CAP to the report to ensure all items have been addressed (i.e., CAP is not missing anything).

Submission Information - Mail & Email

New York State Education Department (NYSED)
Office of Audit Services (OAS)
89 Washington Avenue
Room 524 EB
Albany, NY 12234
Fsanda133@mail.nysed.gov

Contact

Office of Audit Services
(518) 473-4516

FARMINGDALE UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures (Continued)
For the Period Ended April 30, 2017

As per our engagement letter, we were engaged by the Board of Education (Board) and the management of the District to apply auditing procedures to determine the effectiveness related to various processes and procedures of the District during the period July 1, 2016 through April 31, 2017. The processes and procedures to be reviewed and the auditing procedures to be applied were selected by Cullen & Danowski, LLP, and included review of the following areas:

- Accounting for Fuel Purchases and Use
- Staff Attendance
- Payroll/Employee Contracts
- Employee Health Benefits
- Payments of credit cards or "house" accounts
- Employee Reimbursements
- STAC processing

ACCOUNTING FOR FUEL PURCHASES AND USE

The District maintains its own fuel tanks that it uses to fuel District buses, District vehicles and gas cans for maintenance and grounds equipment. The District uses approximately 15,000 gallons per year. These tanks are located at Howitt Middle School, and these tanks will soon be replaced due to the approved capital projects.

The District uses a computer system called Gasboy to help manage the fuel. There are several good controls in place to help ensure that fuel is properly dispensed and only used for District purposes.

Among these controls are:

- Each time fuel is used a key is required to operate the pump. This key specifically identifies the vehicle receiving the fuel and the Gasboy system records the use and assigns it to that vehicle.
- The pumps are visible, which substantially reduces the possibility of someone using the pumps without authorization.
- The tanks are locked at night and there are security cameras monitoring the tanks.

We interviewed District staff about the controls in place regarding the fuel tanks and the use of fuel. We obtained fuel reconciliation reports for the months of February and April of 2017, fuel usage reports sorted several different ways from the Gas Boy system, and information on inventory values based on stick readings for the tanks, which are recorded once a week. We were able to do three different reconciliations for fuel inventory. First we did a fuel reconciliation for both February and April in which we compared inventory per the District's weekly reconciliation sheets to the monthly reports obtained from Gasboy. We then did a reconciliation using the recorded stick fuel readings. We calculated the total fuel usage per month from these readings, taking into consideration the amount of fuel delivered and compared this to the total fuel usage month per Gasboy. We then did a full year reconciliation (7/1/16-5/31/17) using the stick readings and fuel purchases throughout the year and compared it to the total usage per Gasboy. We traced all fuel purchases to the corresponding invoices. We scanned reports per Gasboy for reasonableness and any unusual activity.

FARMINGDALE UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures (Continued)
For the Period Ended April 30, 2017

Findings

The District is not effectively reconciling the fuel inventory to usage records and physical (stick) inventory. A stick inventory should be done on a regular basis and this should be compared to the calculated inventory so that any leakage or theft is identified. Currently, a stick reading is only performed once a week, and apparently the District does not have the appropriate charts to accurately convert the "stick" inventory to an accurate amount of gallons of gas in the tanks.

When scanning the usage reports obtained from Gasboy we noted they are not using the employee ID to identify the employee pumping the fuel, but are using this to identify the vehicle. Therefore, there is no record maintained of who pumped the gas.

We noted that there seems to be good physical control over the fuel tanks. There is a camera with the ability to save footage for up to 7 days, the fuel tanks are locked at night, and are in plain sight during the day. However, the District could increase security by locking the gas pump as well.

Gasboy has a function with the ability to monitor miles per gallon for each vehicle that is not being utilized properly. This would be an important control to help monitor and ensure that fuel is used appropriately.

We noted in our first reconciliation that there was one clerical error made when totaling the daily fuel usage.

Our reconciliation of fuel usage using the fuel stick readings came relatively close to the Gasboy reports. We did not identify any gas shortages.

Recommendations:

The District is in the process of changing its fuel storage system as part of the capital projects started. However, the following recommendations for improved controls over fuel usage should be considered:

1. The daily reconciliation process should be improved by getting daily usage reports from the Gasboy system (eliminate manual calculations), and by properly recording and reconciling to physical inventory amounts based on stick readings or other electronic inventory methods.
2. The capability of the Gasboy system to record the person doing the fueling, as well as using the system to calculate miles per gallon, should be implemented.
3. The District should determine if there is an effective method to record and monitor the fuel supplied to gas cans. We acknowledge that this could be complex and might not be worth the effort.

STAFF ATTENDANCE**Background:**

At each school, attendance sheets are kept for all personnel. Each of the staff members are required to sign-in and out for each day. In order to track this attendance, the secretaries at each school enter the time off from timesheets into the NVision program. The Attendance Clerk then receives these sign-in sheets from each school and verifies that they are correct and makes the entry into the attendance records contained within NVision. We tested the attendance records from five departments to determine if the entries were made accurately.

FARMINGDALE UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures (Continued)
For the Period Ended April 30, 2017

Findings:

- Throughout the testing of the staff attendance, it was found that the departments adequately perform the procedures in documenting daily attendance for employees with no exceptions.

Recommendations:

- None noted.

PAYROLL / EMPLOYEE CONTRACTS

Background:

The Payroll Department is responsible for the completion of payments to all employees based upon their contracts and collective bargaining agreements.

We selected 25 employees from one payroll cycle and verified that all employees are paid correctly based on their contracts with no exceptions.

Findings:

- Throughout the testing of the employee salaries, it was noted that the District has adequate procedures in place to ensure the accuracy of employees being paid the correct amount due to their contracts and there were no exceptions noted.

Recommendations:

- None noted.

EMPLOYEE HEALTH BENEFITS

Background:

The Human Resources Department is responsible for calculating the health insurance amounts to be paid by the District (80%) and employees (20%) for each year. Effective every January, the health insurance expense amount increases, at which time Human Resources makes adjustments to the payment amounts for each employee for the rest of the fiscal year.

We reviewed the calculations for all health insurance programs to verify employees are paying the correct amount. Calculations consisted of health insurance type, individual, family, number of checks cut during the year, and deducting the withheld from the previous year to the new amount to be paid.

Attachment: Internal Audit Report (Agreed Upon Procedures) & Corrective Action Plan for 2016-17 - October 4, 2017 (4415 : Acceptance of

FARMINGDALE UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures (Continued)
For the Period Ended April 30, 2017

Findings:

- Throughout the testing of the employee health benefits, it was noted that the District has adequate procedures in place to ensure the accuracy of payment amounts needed to be paid by each employee, based upon their insurance plan and number of cut checks they receive.

Recommendations:

- None noted.

PAYMENTS OF CREDIT CARDS OR "HOUSE" ACCOUNTS**Background:**

The District issues blanket purchase orders to allow purchasing from Home Depot. The District-wide Operations Department is the biggest user of Home Depot materials. For the period July 2016 through May 2017, the District purchased approximately \$45,000 of goods from Home Depot. There were approximately 300 invoices (1-2 per day) for this time frame. The vast majority are for amounts less than \$500, but there were 11 invoices for over \$500, totaling approximately \$9,500. As of January 2017, single item purchases over \$500 required a separate purchase order with an explanation of the items bought. There were 7 single item invoices over \$500 and all invoices had a separate purchase order.

Only a limited number of staff is authorized to go to Home Depot and charge materials. Shipments from Home Depot are received by the Assistant Director of District-wide Operations. Invoices for both deliveries and pick-ups require authorization by both the Assistant Director and Director of District-wide Operations.

We reviewed 25 invoices for the fiscal year to verify that the invoices had descriptions of items bought and why they were bought, under the \$500 threshold, and had two signatures of approval.

Findings:

- There is no notation on any invoice regarding the purpose of the expenditure, and on some invoices there is no description of the item purchased. In some cases, a "Special Services Customer Invoice" was not included in the voucher package. (This document identifies the items purchased and the person who received the goods, and in some instances the description of the item purchased). Invoices that have a separate purchase order, have a more detailed description of items being purchased, location of where items are shipped to in District, and why they were purchased.
- District procedures require quotes and separate purchase orders when the materials purchased exceed \$500. As of January 2017, this procedure was followed.

Recommendations:

1. We recommend that the District review the procedures related to purchasing goods from Home Depot, determining whether some explanation of the use of the goods and materials should be provided on invoices above a threshold (or all invoices). Once the procedures are developed, District-wide Operations staff, Accounts Payable and the Claims Auditor should be advised of the procedures.

FARMINGDALE UNION FREE SCHOOL DISTRICT
Report on Applying Agreed-Upon Procedures (Continued)
For the Period Ended April 30, 2017

EMPLOYEE REIMBURSEMENTS

Background:

During the past year the District implemented new procedures designed to improve the efficiency of reimbursement of expenditure to employees. The District designed a system which maintained the appropriate internal controls related to pre-approval of the expenditure, proper budget codes and review of all claims by the claims auditor. The key change is that the District now makes the reimbursement through an addition to the employee's payroll payment instead of producing a check.

We reviewed the new procedures and tested a sample of reimbursements to determine if the procedures were adequate and functioning as designed.

Findings:

We found that the system is working as designed and all the key internal controls that had existed prior to the change continue in place. From all indications this system is more efficient than the prior system.

Recommendations:

None noted.

STAC PROCESSING

Background:

The System to Track and Account for Children (STAC) filing process allows school districts to provide information to New York State on the costs to educate high cost students. These filings are very important in that state aid is based on these filings. The STAC filing process in the District is prepared by one clerk in the Special Education Office and who closely supervised by the Director of Special Education. Cullen & Danowski LLP, performed agreed-upon procedures related to the financial operations of special education several years ago and the District implemented several recommendations to improve these operations.

The District uses a third-party consultant to assist in the preparation and calculation of the STAC filings.

Findings:

We tested the filings for completeness and accuracy. We noted no exceptions. The files were neat and well maintained, and the Director of Special Education and the clerical staff have a thorough understanding of the requirements. In addition, we reviewed documentation from the New York State Education Department, which performed a review of the STAC filings and the minor issues noted were addressed by the District.

Recommendations:

None noted.



Farmingdale School District

PAUL DEFENDINI
Assistant Superintendent for Business
 (516) 434-5120

JOHN LOREN
Superintendent of Schools

October 5, 2017

Office of the State Comptroller
 110 State Street
 Albany, NY 12236

Attention: The Honorable Thomas P. DiNapoli
 New York State Comptroller

Dear Mr. DiNapoli:

Below please find the district's response to findings and recommendations of the 2016/17 Agreed Upon Procedures Audit which was performed by the district's internal auditors, Cullen & Danowski.

Recommendation #1

It was recommended that the District improve controls over the fuel usage and reconciliation processes.

Response

The district is in full agreement with this recommendation, and will implement a process to improve controls over fuel usage and the associated reconciliation process. This recommendation will be fully implemented by the district's Director of Districtwide Operations prior to the next on-site risk assessment audit work during the 2017/18 school year.

Recommendation #2

It was recommended that the District review the procedures related to purchasing goods from Home Depot, specifically documenting some explanation as to the use of the goods and materials on invoices above a certain threshold.

Response

The district is in full agreement with this recommendation. We are currently in the process of improving the procedures related to the documenting of goods purchased from Home Depot. This recommendation will be fully implemented by the district's Director of Districtwide Operations and the district's School Business Administrator prior to the next on-site risk assessment audit work during the 2017/18 school year.

Attachment: Internal Audit Report (Agreed Upon Procedures) & Corrective Action Plan for 2016-17 - October 4, 2017 (4415 : Acceptance of

If you have any questions, please do not hesitate to contact my office.

Very truly yours,



Paul Defendini
Assistant Superintendent for Business

PD/rf

- cc: J. Conway - Director, NYSED Audit Services
- D. Hoffmann - Partner, Cullen & Danowski
- J. Lorentz - Superintendent, Farmingdale UFSD
- M. Motisi - School Business Administrator, Farmingdale UFSD

Attachment: Internal Audit Report (Agreed Upon Procedures) & Corrective Action Plan for 2016-17 - October 4, 2017 (4415 : Acceptance of

Board of Education
50 Van Cott Ave
Farmingdale, NY 11735

Meeting: 10/04/17 08:00 PM
Department: Assistant Superintendent of Business
Category: Action Item
Prepared By: Ro Fullam
Initiator: Paul Defendini
Sponsors:
DOC ID: 4355

SCHEDULED

CONSENT ITEM (ID # 4355)

Approval of Tax Levy for the 2017/18 School Year

RESOLVED, that the Farmingdale Union Free School District Board of Education approve the attached tax levy for the 2017/18 School Year.

**Farmingdale Union Free School District
2017-2018 Tax Levy**

TO ADOPT THE FOLLOWING RESOLUTION:

RESOLVED, that the following budget of necessary claims and expenditures for school purposes in the Farmingdale Union Free School District located in the Towns of Oyster Bay and Babylon, State of New York, for the school year July 1, 2017 to June 30, 2018 in the amount of \$162,299,331 is hereby accepted.

RESOLVED, that the sum of \$94,585,823 being the amount to be raised by taxation for the portion of Farmingdale Union Free School District located in the Town of Oyster Bay, County of Nassau, and the sum of \$25,655,077 being the amount to be raised by taxation for the portion of Farmingdale Union Free School District located in the Town of Babylon, County of Suffolk, for the school year 2017-2018 be levied upon the taxable property of said School District as certified to by the Boards of Assessors for the school year 2017-2018 for the purposes specified within this resolution.

RESOLVED, that the Assistant Superintendent for Business of the Farmingdale Union Free School District, Town of Oyster Bay, Nassau County and Town of Babylon, Suffolk County is hereby authorized and directed to file a certified copy of these resolutions with the Board of Assessors, Nassau County, and the Town of Babylon, New York after receiving finalized assessed values from the Departments of Assessment, Nassau County and Town of Babylon and finalized equalization rates from the Office of Real Property Tax Services.

Amount of assessed valuation (apportion base) in the confines of Farmingdale Union Free School District, Nassau County and Town of Babylon being \$10,264,291 and \$13,140,692 respectively, and that the equalization rates for apportioning said tax levy to Nassau County and Town of Babylon respectively, as recommended by the State Board of Equalization are .0025 and .0118, and that the aforementioned figures be placed in the file of minutes of the Regular Meeting of October 4, 2017.

Tax Levy By Organization			
	Nassau County	Town of Babylon	Totals by Agency
Schools	\$94,585,823	\$25,655,077	\$120,240,900
Library	\$3,005,265	\$815,136	\$3,820,401
Youth Council	\$467,140	\$126,705	\$593,845
Total Tax Levy	\$98,058,228	\$26,596,918	\$124,655,146

Vote

- Suzanne D’Amico _____
- Mario Espinosa _____
- Anthony Giordano _____
- Kathy Lively _____
- Arlene Soete _____
- Ralph Morales _____
- Michael Goldberg _____

Attachment: Tax Levy for 2017-2018 - October 4, 2017 (4355 : Approval of Tax Levy for the 2017/18 School Year)