



POUGHKEEPSIE CITY SCHOOLS FINANCIAL ACCOUNTABILITY UPDATE

January 8 , 2020

Presentation to the Board of Education and Community

Dr. Eric Jay Rosser, Superintendent of Schools

PRESENTATION SECTIONS



Responsibility



Findings



Accountability

2110-E SCHOOL BOARD POWERS AND DUTIES EXHIBIT*

Standards of Governance

1. Exercise duties and comply with obligations required by law.
2. Act officially only as a Board of Education.
3. Develop and adopt written policies in all areas of school district governance and operations in order to provide direction to staff and students and information to the community.
4. Maintain strong ethical standards. Avoid conflicts of interest between public position and professional career or private life.
5. Adopt standards for the conduct of school Board meetings and business, including use of agendas, Board committees, and community participation.
6. Assess Board performance regularly. Seek opportunities for Board growth and development.

Educational Program

[Refer to the Policy]

Administration and Personnel

1. Hire an educational leader to serve as Superintendent of Schools. Adopt a description of his/her professional duties and provisions for performance evaluation as well as retention or removal from the position based on those evaluations and contractual obligations.

[Refer to the Policy for additional duties]

RESPONSIBILITY
OF BOARD OF
EDUCATION

AS DEFINED BY POLICY

2110-E SCHOOL BOARD POWERS AND DUTIES EXHIBIT*

Fiscal Management

1. Approve the budget and spending priorities; at the same time, seek to ensure adequate local, state and federal revenues to support the budget.
2. Approve construction projects, capital expenditures, contracts and budget reports within a framework of policy and delegated authority suitable for the Board.
3. Systematically link policies and decisions regarding allocation of funds with curriculum, instruction and desired learning outcomes.

2110.5 EXECUTION OF CONTRACTS

As trustees and overseers of the financial affairs of the district, the Board of Education shall be responsible for authorizing the execution of all written contracts and leases. To that end, the Board, by resolution, shall authorize the execution of contracts and leases which require the expenditure of District funds by the Board President and in his/her absence the Board Vice-President. The Superintendent of Schools or his/her designee shall present information to the Board for discussion and enable the Board to make an informed decision regarding contracts to be executed.

RESPONSIBILITY
OF BOARD OF
EDUCATION

AS DEFINED BY POLICY

3100 SUPERINTENDENT OF SCHOOLS

The Board of Education shall appoint a Superintendent of Schools who shall enforce the statutes, administrative codes, and the policies and regulations adopted by the Board.

RESPONSIBILITY
OF STAFF

AS DEFINED BY POLICY

3120 DUTIES OF SUPERINTENDENT*

The Superintendent of Schools shall supervise all matters affecting directly or indirectly the operations of the school system. He/she shall ensure that the administration of the school system is in conformity with existing laws, regulations and policies adopted by the Board of Education.

As chief executive officer of the Board, the Superintendent will have the following specific powers and duties:

Relationship with the Board

[Refer to the Policy]

Educational Direction and Leadership

[Refer to the Policy]

Personnel

[Refer to the Policy]

Financial Management

1. to prepare and present to the Board a preliminary annual budget in accordance with a schedule established with the Board. He/She is responsible for ensuring that the budget, as adopted by the Board and approved at the annual meeting, is properly administered. He/She shall ensure that regular reports are made to the Board on the status of the budget.
2. to establish efficient procedures to maximize income, safeguard investments and provide effective controls for all expenditures of school funds in accordance with the adopted budget. He/She shall ensure that all necessary bookkeeping and accounting records are maintained by the district.

Facilities Management

[Refer to the Policy]

RESPONSIBILITY
OF STAFF

AS DEFINED BY POLICY

3120 DUTIES OF SUPERINTENDENT*

Community Relations

[Refer to the Policy]

Personal Qualities and Growth

[Refer to the Policy]

Management Functions

1. to coordinate and manage the district so that the school organization operates smoothly and efficiently. He/She must be able to coordinate the processes essential to achieving a smooth operation in all areas of the school district organization.
 - Planning: determining needs, objectives and goals.
 - Organization: assigning roles, responsibilities and establishing lines of communication.
 - Control: ensuring that progress is being made toward priorities, disciplining, making necessary staff reallocations and changes and evaluations
 - Decision-making: data-collecting, analyzing data and choosing appropriately from a variety of decision-making techniques
 - Problem-solving: sensitivity to problems, formulating problem statements, and using a variety of problem solving techniques
 - Communication: giving and receiving information effectively both orally and in writing, facilitating the exchange of information, views and opinions and
 - Organization: annually preparing or revising an organizational chart.
2. to perform such other duties as the majority of the Board may determine.

RESPONSIBILITY OF STAFF

AS DEFINED BY POLICY

6010 FISCAL MANAGEMENT OPERATIONS

Chief Officer

The chief officer of the business office shall be the Assistant Superintendent for Business, who is directly responsible to the Superintendent of Schools.

Role of the Assistant Superintendent for Business

In accordance with Board philosophy and goals, the Assistant Superintendent for Business shall have the following role:

- a. to advance educational opportunity through the management of district business affairs;
- b. to provide equipment and facilities required for the comfort, convenience, and performance of the educational staff and student body;
- c. to conduct the business office as a service organization to the district; and
- d. to serve in an advisory capacity to the Superintendent.

Duties of the Assistant Superintendent for Business

Subject to the approval of the Superintendent, the Assistant Superintendent for Business shall:

- a. direct the business affairs of the school system in compliance with the instructions of the Superintendent, pertinent laws, and Board of Education policies;
- b. oversee financial planning and budgeting for the district;
- c. perform or supervise internal audits and carry out recommendations of official audits;
- d. supervise expenditures as authorized by the district budget and in accordance with district purchasing procedures;

RESPONSIBILITY
OF STAFF

AS DEFINED BY POLICY

6010 FISCAL MANAGEMENT OPERATIONS

Duties of the Assistant Superintendent for Business

- e. prepare specifications and bids as needed; process orders and recommend payment following delivery of goods and services; provide district storage and delivery; carry out the responsibilities of the district purchasing agent;
- f. establish and supervise accounting, bookkeeping, payroll, reporting and cost analyses; organize and supervise inventory of school property;
- g. administer the insurance program and records;
- h. administer the district income and investment program;
- i. recruit and assist in selection, placement, training and advancement of non-instructional staff; oversee working conditions; take preliminary disciplinary action as needed and recommend termination of service to the Superintendent; carry out the requirements imposed by Civil Service Law and regulations;
- j. supervise custodial, maintenance, school lunch, and transportation programs, classified employees;
- k. establish general, district-wide procedures for the management of non-instructional personnel consistent with the rules and regulations established by the Superintendent;
- l. organize and direct a program on in-service training for non-instructional personnel;
- m. recommend Board policies to the Superintendent;
- n. serve as a member of the Administrative Council;
- o. ensure effective communications among business office personnel;
- p. perform such other specific duties as may be assigned; and
- q. perform other duties normally associated with the office.

RESPONSIBILITY
OF DISTRICT
STAFF

KEY FINDINGS



Extra-Classroom Activity

Student treasures and faculty advisors did not maintain adequate supporting documentation for 25 deposits totaling \$37,256

The central treasurer did not prepare timely reports for the Board or the auditor



Information Technology Assets

IT assets valued at \$11,397 were not included on the inventory list and could not be located

NYS COMPTROLLER AUDIT FINDINGS

SEPTEMBER 2019

Audit Period*

July 1, 2016 – July 18, 2018

* Audit period was extended back to January 1, 2007 to review ECA and equipment donations

KEY FINDINGS



Budgeting

Appropriations were overestimated resulting in an operating surplus of \$6.2 million in 2016 – 17

District officials made excessive year-end budget transfers in 2016 – 17 and 2017 – 18 without Board Approval

The District had unrestricted funds totaling \$10.6 million and \$12 million at the end of 2016 -17 and 2017 – 18, respectively, which exceeded the statutory limits of \$3.9 million and \$4 million

NYS COMPTROLLER AUDIT FINDINGS

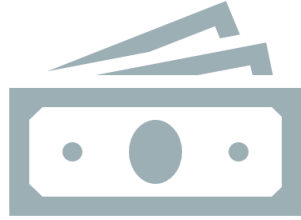
NOVEMBER 2019

Audit Period*

July 1, 2016 – July 18, 2018

* Audit period was extended back to January 1, 2013 to analyzing budgeting.

KEY FINDINGS



Payroll

Collective bargaining agreements (CBAs) are not comprehensive, and payroll and personnel policies are outdated.

Eleven retirees received payments they were not eligible for totaling \$27,440 for not participating in the health insurance program. In addition, five received Medicare Part B reimbursements totaling \$10,560 that they were not eligible for.

Four maintenance workers were paid a total of \$26,088 for 168.5 days of accrued leave above the carryover limit without Board approval.

NYS COMPTROLLER AUDIT FINDINGS

DECEMBER 2019

Audit Period*

July 1, 2017 – December 31, 2018

* Audit period was extended forward to September 26, 2019 to review access controls related to the District's human resources and payroll software.

KEY FINDINGS



Procurement and Claims Auditing

The Board did not:

Seek competition for professional services totaling approximately \$1.6 million or competitively bid purchase and public works contracts totaling approximately \$6.1 million during the audit process.

Have written agreements with nine professional services providers paid a total of \$968,545 during the audit period.

The Director for Technology:

Circumvented the procurement policy and ordered various items online totaling \$71,226 during the audit period, including \$4,596 for shipping cost.

NYS COMPTROLLER AUDIT FINDINGS

DECEMBER 2019

Audit Period

July 1, 2016 – July 18, 2018

**EXTERNAL
AUDIT FINDINGS**

**FINANCIAL
STATEMENTS AND
SUPPLEMENTARY
INFORMATION**

2018 - 2019

Year-end Closing Procedures

- During the audit period it was noted that the District did not adjust the data for processing year-end closing in the General Fund, School Lunch Fund, Special Aid Fund and Debt Service Fund. There were proposed and passed journal entries the District should be posting and incorporating in the fiscal year closing procedures.

Long Outstanding Checks

- During the audit period it was noted that there were 6 checks outstanding, totaling approximately \$1,331.

Maintaining Current User Access Rights

- During the audit period it was noted a formal review process had not been updated.

Accounting for Energy Performance Capital Project

- During the audit period it was noted that the District had not remedied the oversight of the Energy Performance capital project.

Control Procedures for Adjusting Journal Entries

- During the audit period it was noted that the District does maintain records and supporting documents of adjustments. There was visual support to show the records were reviewed by different individuals in the District.

Compliance with §1318 of the New York State Real Property Tax Law

- During the audit period it was noted that the District's unassigned fund balance of the general fund exceeded 4% of the subsequent year's expenditures budget as imposed by §1318 of the New York State Real Property Tax law resulting in noncompliance.

Budgetary Overspending

- During the fiscal year the District approved appropriations beyond the original budget.

**EXTERNAL
AUDIT FINDINGS
MANAGEMENT
LETTER**

2018 - 2019

CURRENT YEAR AUDIT FINDINGS

Extra classroom Disbursements

- During the audit period 2 instances were noted where the payment order was not properly authorized.

Construction in Progress

- During the audit period it was noted that the District is carrying a material balance of construction in process in Capital Assets, which is not in agreement with the appointed third-party vendor.

PRIOR YEAR AUDIT FINDINGS

Purchase Order Procedure

- During the audit period it was noted that there were 11 instances of deviation from established procedure. The previous year's findings totaled 15.

Payroll Control and Compliance

- During the audit period 6 instances of deviation from established procedure were flagged. The previous year's findings totaled 4.

Summer Food Program Budget

- During the audit period it was noted that the District has been budgeting for expenses related to the Summer Food Program for the fiscal year preceding the year in which the expenses occur. The previous year's finding indicated the same.

Outstanding Items on Cash Reconciliation

- During the audit period it was noted that the District properly recorded cash reconciliations, which was a correction of last year's finding.

Trust and Agency Liquidity

- During the audit period it was noted that the Athletic Program deposits were in excess of the cash in the bank, which was a correction of last year's finding.

EXTERNAL
AUDIT FINDINGS
MANAGEMENT
LETTER

2018 - 2019

Accounts Payable

- During the audit period it was noted that the District method of recording Accounts payable at year end is not consistent. There has been no change from last year's finding.

Budget

- During the audit period it was noted the revised budget revenues and expenditures remained in balance. The previous year's findings indicated that the expense budget transfers resulted in an unintended increase to the total budget.

Medicaid Billing

- During the audit period it was noted that the District's billing for Medicaid has improved compared to prior years. During the 2017 audit it was noted that the District only billed for 5 months.

Billing for Health Services

- During the audit period it was noted that the District is up-to-date in health service billing. Previous findings indicated that the District failed to bill for 2016 and 2017, with outstanding billings questions for 2015.

Employee Payroll Files

- During the audit period it was noted that the District has not implemented the use of a salary authorization form or include base salary information on the "Data Sheet". The previous year's finding indicated the same.

Extra classroom Receipts

- During the audit period it was noted similar issues noted in previous audits.

SYNTHESIS OF ANALYSIS

- District and School Level Turbulence
- Lack of Leadership/Oversight
- Significant Turnover in positions key to the operations of the Finance and Business Office
- Outdated Protocols/Policies
- Lack of Adherence to Board Policy/Protocols
- Lack of Professional Development
- Lack of Succession Planning



FINANCIAL
ACCOUNTABILITY

PCSD Corrective Action Steps

Day-to-Day Operations

- **Adopted Key Recommendations of the Auditors** - completed
- **Analyzing business and finance protocols** - ongoing
 - Repairing broken protocols - ongoing
 - Creating new protocols - ongoing
 - Documenting processes - ongoing
 - Updating policies - ongoing
- **Reviewing the functions of the Business office and staff** - ongoing
 - Redefining the Function of the Business Office - completed
 - Chief Finance and Business Official - completed
 - Assessing the appropriateness of other positions and titles - ongoing
 - Reassigning duties where best appropriate - ongoing
 - Providing Professional Development to Staff - ongoing
- **Monthly Finance reporting**
 - Establish monthly reporting calendar - completed



FINANCIAL
ACCOUNTABILITY

PCSD

Corrective Action Steps

Requires Board Involvement and Approval

- **Exploring the establishment of a Financial Advisory Committee**
 - The purpose of the Financial Advisory Committee will be to serve as a resource and provide technical expertise, advice, recommendations and support to the Poughkeepsie City School District BOE and administration in evaluating, guiding and improving the overall fiscal condition of the district. This includes a regular review of the budget, any proposals or issues that might have a significant impact on district projects. The committee would also advise the BOE and administration on:
 - Internal and External Audits
 - Policy changes and development
 - Referendums (e.g. amount, timing, need)
 - Financial projections and finance-related bid specifications
 - Committee will be made up of:
 - Board Members
 - Superintendent and/or Chief Finance and Business Official
 - Local government financial officials
 - Qualified community members
- **Exploring services from Financial Advisory firm**
 - Comprehensive financial analysis with an instructional program focus
 - Assistance with the identification of a Chief Financial and Business Official
 - Professional Development/Technical Assistance

POUGHKEEPSIE CITY SCHOOL DISTRICT

BOARD OF EDUCATION

Dr. Felicia Watson
Board President

Debra Long
Vice-President

Doreen Clifford
Board Trustee

Michelle Martinez - Leffert
Board Trustee

Dr. Andrew Reiser
Board Trustee

SUPERINTENDENT OF SCHOOLS

Dr. Eric Jay Rosser

