



HIGHLAND FALLS – FORT MONTGOMERY
CENTRAL SCHOOL DISTRICT
Post Office Box 287, Highland Falls, New York 10928

A Place Where Talents Are Developed

August 22, 2008

[REDACTED]
Office of the State Comptroller
33 Airport Center Drive, Suite 103
New Windsor, New York 12553

Dear [REDACTED]:

This letter shall serve as the District's official response to the New York State Office of the State Comptroller's draft audit report reviewed with the District in an exit conference on August 1, 2008. During this exit conference we discussed the written findings and recommendations contained in the report. As the new incoming Superintendent of Schools, I wish to thank your representative for taking additional time to review the process and documents with us in such a thorough manner. Our new Business Official and I will work with our administrative team to develop the corrective action plan.

The Board of Education views the audit as both a valuable tool and important opportunity to improve our stewardship of District resources and management of our schools. Under the previous administration, the District has already implemented some of the recommendations presented in the report. In general, the District concurs with the findings of the audit report and we will work diligently to implement the necessary changes.

The District would like to thank the Office of the State Comptroller for identifying areas for improvement. Our staff has shared with me that your staff demonstrated exemplary professionalism during the audit. They exhibited a cooperative attitude and professional demeanor that enabled the audit to run smoothly with minimal impact on operations.

Development and implementation of the District's corrective action plan will strengthen our internal controls and provide a heightened level of fiscal accountability to the community.

District Response to Audit Report Findings

Personnel Policies

The District has implemented procedures to insure all employees and contractors having contact with students undergo criminal background checks and fingerprinting as prescribed by law. The District has undertaken a systematic review of all personnel records to insure compliance with this mandate and complete personnel records, including employment eligibility documentation.

Payroll

All staff appointments, including temporary summer staff, will only commence with Board authorization. Employees shall not work for the District before this authorization has occurred.

Adequate segregation of duties ensures that no employee controls all phases of a financial transaction. In a small office, however, segregation of duties is more challenging and logistically difficult to achieve. Staff in the District are called upon to “wear many hats” and hiring new employees is not always financially possible or operationally justified.

Based on your audit findings the District has introduced greater segregation of duties in the payroll process by assigning the district clerk the task and system access rights for entering employee records and salary data while the District payroll clerk processes payroll. This insures that two people are involved in the payroll process decreasing the internal control risks. It is important to note that audit testing revealed no problems or exceptions with payroll changes made during a sample three-month period.

The district has adopted the recommendation for periodic payroll payout audits whereby employees must sign for paychecks and provide identification to show proof of their identity. Someone other than the payroll clerk who is responsible for processing and printing payroll checks will conduct these audits.

The District will consider how best to revise and clarify policies and procedures concerning compensatory time including a limit on the time that may be accrued.

Purchasing

The audit found segregation of duties was lacking in the following areas: purchasing, cash disbursements, and the duties of the treasurer. In the future, greater segregation of duties will be introduced enabling cash disbursements to be performed by an accounts payable clerk not the business official.

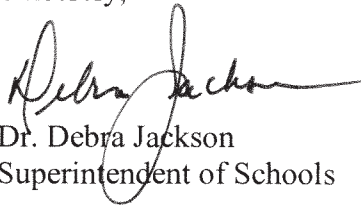
The District will undertake a comprehensive review of procurement activities for professional services including the renewed use of Request for Proposal (RFP) documents to ensure adequate competition. Furthermore, the District will endeavor to enter into written contracts with all professional service providers and have these agreements authorized by the Board. Competitive bidding will be used in full compliance with General Municipal Law.

Information Technology

The District has addressed several of the findings in the area of information technology including instituting a systematic review of user access rights with a provision to limit access only to data and technology systems needed to carry out job functions. A change notification system has also been developed whereby all user account changes are recorded and maintained. The work has begun to improve and document disaster recovery procedures. Finally, the District is about to undergo a significant enhancement to our remote access system utilizing virtual private network technology which will reduce the risk of unauthorized access.

In closing, I would like to thank you for the opportunity to respond to the audit report and for your hard work to improve the fiscal management of schools.

Sincerely,

A handwritten signature in black ink, appearing to read "Debra Jackson", with a long horizontal flourish extending to the right.

Dr. Debra Jackson
Superintendent of Schools