



PELHAM UNION FREE SCHOOL DISTRICT

**Corrective Action Plan
Related to
Independent Accountant's Report on Applying Agreed-Upon Procedures
(Facilities Department)
December 14, 2015**

The engagement was performed to review the financial operations of the Facilities Department for the period January 1, 2014 through September 30, 2015.

FINDINGS, RECOMMENDATIONS AND DISTRICT RESPONSE

Findings from the engagement are noted on pages 4-6 and page 8 of the attached report.

Recommendations regarding Purchasing Policy

- Develop formal written policies and procedures governing the procurement of goods and services when competitive bidding is not required.
- Develop procedures for threshold amounts required for board approval for contracts for professional services.
- Consider procedures to ensure that all required documents related to the contracts (i.e. insurance documents) are maintained in one place.
- Determine if language should be added to the purchasing policy regarding the threshold amount when a separate District bid needs to be prepared for a Facilities project; instead of using existing District time and material bids or Ed-Data bids.

District Response

The District has developed Procurement Guidelines to govern purchasing of supplies and equipment and public works projects when competitive bidding is not required. Further, the Board of Education is in the process of modifying the District's purchasing policies. The Guidelines and Policy modifications are expected to be implemented before June 30, 2016 and will take into consideration the recommendations noted above.

Effective in 2016-17, the Facilities Department has been instructed to keep all insurance documents with the underlying bid and contract.

Recommendations regarding Controls Over Purchasing & Invoice Approval Process

- Change the FM user permissions to systematically route PO requisitions to the Facilities Director for approval, after the Facilities Secretary enters the requisition or require the Facilities Director to manually approve the PO requisitions. The process would then remain the same for the Purchasing Clerk to review and approve the requisition prior to the final approval by the Purchasing Agent.

- The Facilities Director should review and approve all invoices for Facilities services and discontinue the use of a stamp approval.
- When work is completed in the field, the individual overseeing the work should also sign off indicating that the work is completed. In the cases where a third-party consultant reviews the invoices the approval should be attached to the invoice.
- Ensure that the proper documentation for invoices is attached (i.e. detailed vendor quotes and/or pricing from state contracts or co-op bids are attached to be able to match to bid prices and prevailing wage documents, and contract or co-op bid numbers be included in the PO).
- Document emergency situations in the body of the PO.
- Share these procedures with the Claims Auditor to facilitate his review. The Claims Auditor should also report on any exceptions.

District Response

The District has changed the FM user permissions to route PO requisitions to the Facilities Director for approval. The Facilities Director has been instructed to review and approve all invoices for Facilities services and the use of the signature stamp has been discontinued.

For work completed in the field and in cases where a third party consultant reviews and approves an invoice, the Facilities Department has been instructed to attach the appropriate approvals to the voucher package upon submission for payment.

Emergency situations will be documented in the body of the PO.

Once approved, the updated Purchasing and Procurement Policies and Guidelines will be shared with the Claims Auditor.

Recommendations regarding Improvements in Bid Process

- A list of bids received should be documented for each bid opening and placed in each bid file.
- If a bid has labor and material mark-up components, a Bid Tabulation Form should be created and completed for each bid to ensure that the lowest bidder is selected. The form should be reviewed and approved by the Assistant Superintendent for Business.
- For any bids that are renewed each year, an Excel spreadsheet should be prepared with the new rates for each vendor. This spreadsheet should be provided to the Claims Auditor to facilitate the review of invoices.
- The District should develop procedures documenting a threshold amount for the review of material invoices. The District should also consider updating bid language for items not originally included in the specific bids, including requirements for when material needs to be purchased, and a mark-up or mark-down percentage should be included in the bid specifications. Additionally, language should be added to the District bids to require vendors to provide third party invoices, where applicable, to be able to substantiate mark-up or mark-down percentages.

District Response

The District has begun to prepare bid lists for inclusion in the bid files.

A bid tabulation form is in the development process and will be implemented before June 30, 2016. This form will be reviewed by the Assistant Superintendent for Business.

For bid renewals, the District has developed a spreadsheet to track rates for each vendor. This spreadsheet will be provided to the Claims Auditor.

For materials invoices associated with services that have been bid, the Facilities Department has been instructed to obtain substantiation for any materials & supplies charges, including markup.

Recommendations regarding Facilities Budgeting & Expenditures

- Use detailed budget worksheets developed in the 2016-17 budget process as a tool for the year to ensure that all expenses are charged to the correct budget codes.
- When approving requisitions, the Facilities Director should check that the budget code on the PO is correct.
- Ensure that budget transfers are made on a timely basis.

District Response

The District Treasurer is working with the Facilities Department to develop budget sub-codes to more easily track actual expenditures to budgeted expenditures and projects. The Facilities Director is reviewing budget codes when approving POs in the FM system.

The District Treasurer will ensure that budget transfers are made in a timely basis.