

Bedford Central School District

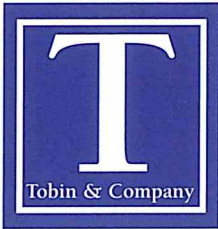
Review of Board Governance

Covering the NYS mandate for the year ending June 30, 2015

Bedford Central School District

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TOBIN & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS, PC

To the Board of Education:

Bedford Central School District
Bedford, New York

We have performed an intensive review of selected operational activities within the area of Board Governance for the Bedford Central School District (the "District"). The purpose of this engagement is to ensure compliance with applicable New York State laws and regulations under the Fiscal Accountability Initiative for the fiscal year ended June 30, 2015.

Our report provides the results of our review on the selected area. In addition, our report indicates any areas for which we believe improvements can be made to existing processes and internal controls.

We are pleased to have had the opportunity to serve you and look forward to reviewing this report in detail with you. We would also like to thank the Board of Education and the employees of the Bedford Central School District for their time and assistance during our engagement.

Sincerely,

Tobin & Company
Certified Public Accountants, PC

Purchase, New York
November 17, 2015

At the request of the Audit Committee, and approval by the Board of Education, we performed an intensive review of the District's Board Governance. Our review focused on the following processes:

- 1) *Review of Board and committee composition and practices over elections/nominations.*
- 2) *Review of Board and committee policies.*
- 3) *Review of Board duties and responsibilities.*
- 4) *Review policies and practice for Board and committee expense reimbursements.*
- 5) *Review policies and practice of Board communication.*
- 6) *Review of Business Office composition and organizational chart.*
- 7) *Review policies and practices for employee communication of errors and fraud.*
- 8) *Review policies and practice of evaluations of top level employees and the Board.*
- 9) *Review policies and practice of top level employee vacation/time off approval.*
- 10) *Review of certification requirements for top level District positions.*
- 11) *Review of how the District employees use District policies in daily activities.*
- 12) *Review compliance of NYS mandated services and requirements.*
- 13) *Comparison of Board policies and practices to that of neighboring districts.*

During our engagement we performed the following procedures:

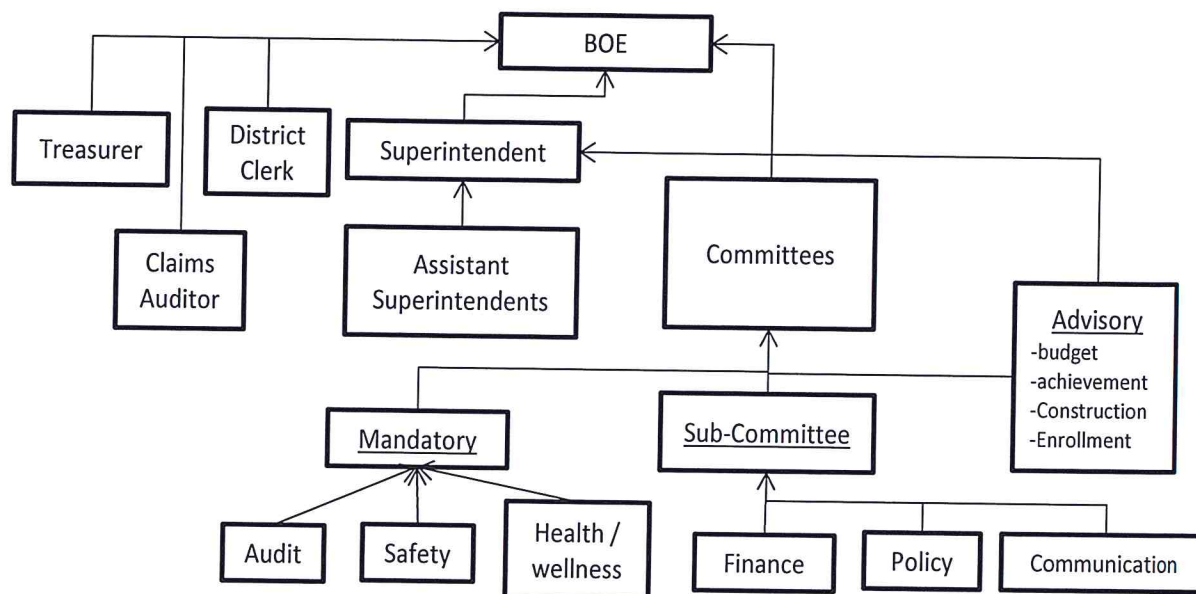
- We interviewed key personnel, including top administration, and mid-level management.
- We evaluated forms and documentation used in the processes of the area.
- We evaluated internal controls, policies, procedures and how it compares to current practice.
- We prepared flowcharts for key operational areas.

Key personnel interviewed during our review process were as follows:

- Assistant Superintendent for Business and Administrative Services
- District Treasurer
- District Clerk
- Secretary to a School Administrator (Human Resources)
- President of the Board of Education

Board of Education (“BOE”)

The current top level organizational structure of the District is as follows:



Composition & Election

The District policies require a seven member board. The Board members must be residents of the District for at least one year, able to read and write, and be a qualified voter of the District. The Board Members are elected for three year terms, with offsetting expiration dates. The Board comprises of a President, Vice President, and five Trustees. The President and Vice President are nominated and elected at the reorganization meeting by the current serving Board members. Newly elected Board Members must take and sign the oath of office. New Board members are also required to participate in 12 hours of governance training (6 hours of fiscal oversight, 6 hours of board governance).

According to District policies and State law, Board member elections are conducted on the third Tuesday in May (date permitting). In order to run for a Board seat, a candidate must obtain a nominating petition from the Board Clerk. The petition must state the name and address of the candidate, the seat they are seeking to fulfill, and the name of the last incumbent. The petition must contain a minimum of 25 signatures of qualified District resident voters or, 2% of eligible voters in the prior election (whichever is greater). The signatures must be legible, dated and state the residents address. The Board Clerk collects the petitions and reviews for clerical appropriateness.

Current Policies, Procedures and Practices

- The Board Clerk is responsible for independently administering the board election petitions, officiating the voter polling list, and conduct the lottery for poll watchers. The Clerk is not responsible for verifying or affirming petitions or vote counts.
- Although not required by law, the District adopted a policy to allow poll watching if requested.
- The results of the board elections are available on the District’s website.

Current Policies, Procedures and Practices (continued)

- The Board Clerk facilitates and tracks the required Board training hours. The details of the training are logged and kept on file.
- The Oath of Office is administered and signed off by the District Clerk.

Results of our observations

- 1) During our review, we did not note any exceptions with the composition of the Board or validity of its members. We also noted all Board members completed the required number of governance training.
- 2) During our engagement we reviewed two petitions from the last Board election. In our sample, we noted both petitions had well over the required amount of minimum signatures. We also noted evidence of the District Clerk's denial of signatures containing errors, omissions and illegible writing. Both petitions were filed timely in accordance with Policy.

Duties, Responsibilities and Authority

The primary responsibility of the Board is setting district policy and school district management (Policy series #2000). The Board's duties and responsibilities and authority include (but are not limited to):

- Establishing District goals and objectives
- Developing and setting policies
- Appointing employees and officers
- Entering into contracts on behalf of the District
- Establishing committees
- Designations (i.e. designation of depositories)
- Reviewing and approving District information (i.e. financial reports).

Individual Board members do not have authority to bind the District in contracts or to direct district staff, unless specifically designated with such authority. The Board President and Vice President may be granted the authority to act on behalf of the entire Board. Duties of the Board President include (but not limited to):

- Preside over all Board meetings; Chair district meetings; and officiate board discussions
- Execute all documents on behalf of the Board
- Appoint committees
- Meet with the Superintendent on a weekly basis and keep BOE members abreast of activities.

The Vice President is authorized to act for the President in case of the president's absence or inability to act.

Results of our observations

- 1) As part of our review of responsibilities and authority, we sampled 6 board meetings selected from the past two school years, including two reorganizational meetings. As part of our review we examined whether the Board, and Officers of the Board, were fulfilling their duties and acting within their respective authorities. We did not note any significant exceptions.
- 2) The District has a protocol and procedure manual that summarizes all duties and responsibilities of Board Members. This is a good tool in helping Board Members understand their role.

Committees

The Board has the authority to establish committees, through appointment by the Board President. The committees must include members of the Board, but less than an amount to establish a quorum. The Audit Committee and Citizen Advisory Committees must include two members from the public. The Superintendent and Assistant Superintendents may be part of a committee (except audit) as a non-voting member. Board committees are discharged after completion of the assignment or on June 30th of each year. Citizen advisory committees are discharged by the Board on completion of assignment. The District has three classifications of Committees:

- State Law Mandated: Audit, Health and Wellness, and Safety.
- Sub Committees: Finance, Policy, and Communication
- Citizen Advisory: Budgetary, Student Achievement, Construction, Enrollment, and others created as needed.

Each year the Board decides, and the Board President appoints, members of the committees. Members of the public who wish to join a Citizen Committee or Audit Committee must complete an application (available on District website). Appointments to the Audit Committee require candidates have certain qualifications. Citizen Committee members will be based on interest, experience and expertise.

The committees are required to report their findings or recommendations to the Board. Committees are intended not to have authority to adopt or modify District policies, or bind the District in any contract or agreement. The Committees also do not have authority over District Staff.

Current Polices, Procedures, and Practices

- Board Members are responsible for review and appointment of committee members.
- District Clerk tracks members of committees.
- Audit Committee has a charter describing formation, duties and authority.
- Sub-committees have mission statements posted on the District's website; briefly describing responsibilities and roles.
- The Policy Sub-Committee has posted the minutes of its meetings for the past two years.

Results of our observations

- 1) During our review, we did not note any exceptions with the committees or validity of its members. We reviewed the composition of the committees and validated the appointments of those committees and members for the current and prior year.

Results of our observations (continued)

- 2) During our review, we did not note a policy requiring committees to keep and/or provide meeting minutes. The District may want to consider adding a policy requiring all committees keep meeting minutes, and submit them periodically to the District Clerk.
- 3) While implied, it may be beneficial for the District to further outline/define each committees authority over District Staff, authority to modify, adopt District polices, and authority to bind.

Reimbursements

The District has a policy on employee reimbursements which also applies to Board Members. The District will reimburse Board Members for any reasonable, actual and necessary out of pocket expenses which are authorized and incurred while traveling for school activities. Committee members are precluded from submitting for reimbursements.

Current Policies, Procedures, and Practices

- All reimbursable expenses are given to the District Clerk.
- The expenses are approved by the Superintendent and Purchasing Agent.
- A purchase order is generated.
- The reimbursement follows normal accounts payable process.
- Reviewed by the Claims Auditor.

Results of our observations

- 1) Overall, we noted the Board of Education rarely submits for reimbursements. There were no major exceptions noted.
- 2) The District may want to consider modifying the reimbursement process to have another Board Member approve another Members reimbursement request. This removes the potential conflict scenario of an employee approving a supervisor under duress.

Communication

District policy requires Board Members to remain in constant communication with each other. The Board may use any form of communication, and should copy the Board president on all correspondences. According to a current protocol memo, Board Members are able to communicate directly with the Superintendent and Assistant Superintendents. They can also communicate with public, outside of a Board Meeting, so long as they are speaking as an individual. The District also has policies regarding communication and transparency with the public.

Current Policies, Procedures, and Practices

- Board Members have and use District email address, which are to be used to conduct District business.
- District Clerk will sometimes act as liaison between BOE members, staff and public.
- Public has access to Board email addresses. The emails are forwarded to the Clerk who forwards to the Superintendent for response.
- Board meeting minutes are available on the District website.
- Board Subcommittee (Policy, Finance, Communication) minutes are available on District website.

Results of our observations

- 1) We noted Board Members utilizing District provided email addresses.
- 2) During our engagement we did not find Board Members or Committee Members communicating directly with District Staff outside of Superintendents and Assistant Superintendents. Conversely, we did not note District Staff communicating directly with Board Members.
- 3) The policy and protocol on Committee communication process is vague. The District should consider modifying its policy and protocol memo for acceptable committee communications (between committee members, board members, district staff, outside vendors). All committee communications should be directed to Committee Chair and then to the Board of Education or District Staff.
- 4) The District makes BOE Subcommittee minutes available on the District website. We did not find a District policy that discusses the requirement or protocol for publishing such minutes. The District should consider whether a policy is needed. During our review of the Subcommittee minutes, we also noted not all minutes are posted or current. A policy may help formalize the process.
- 5) All District Board Meetings are available on the Board Docs website. The public also has access to live and previously recorded Board Meetings on a separate District dedicated website.

Goals & Evaluation

The Board of Education's responsibilities include setting goals and objectives for the School District. Each year the Board will define a specific set of goals and strive to achieve them. District policy and protocol memo state the Board of Education shall perform a periodic self evaluation. The policy lists six standards that the Board will use in evaluating itself, including whether the established goals were met (Policy #0200 & 0310).

Current Policies, Procedures, and Practices

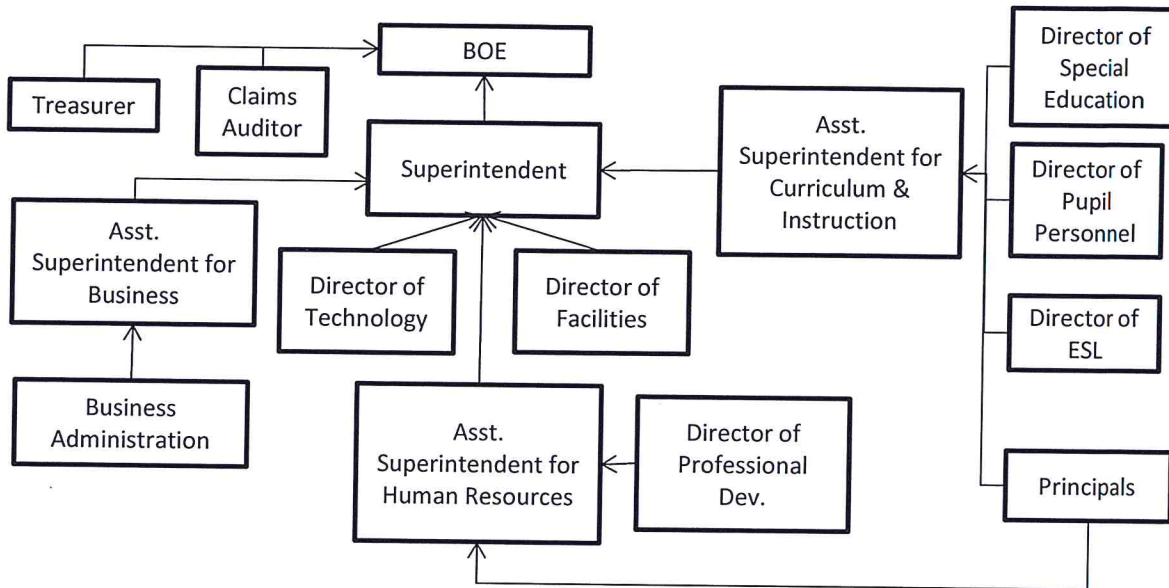
- District evaluates itself semi annually.

Results of our observations

- 1) Policy #0310 states the Board reviews its internal operations once annually. The Protocol memo states the Board evaluates itself semi-annually. There is no written policy or protocol describing whether these evaluations are to be retained or published.
- 2) The policies and protocol memo do not specify whether the Board goals should be published. In an effort for greater transparency, the District should consider presenting and publishing these goals at the reorganizational meetings.
- 3) While we did not note unresolved items becoming lost or forgotten about, we recommend the District consider developing and maintaining an open agenda list (similar to that of the Corrective Action Plan – see treasurer report later) for items that remain unresolved or that are work in progress. This would help ensure items are addressed and provides a better audit trail.

Superintendent, Assistant Superintendents, District Clerk, Treasurer, Claims Auditor

Below is the current organizational structure of the District's operational staff.



The Superintendent is appointed by the Board to carry out the objectives of the Board. The Superintendent is responsible for the execution of the Board decisions through the internal operations of the District and District staff. The Superintendent has direct authority over District Staff, and must report to Board. The Superintendent is evaluated by the Board of education at least annually (Policy # 0320).

Current Policies, Procedures, and Practices

- The Board of Education evaluates the Superintendent twice per year.
- Superintendent meets with the Board President weekly to discuss ongoing matters.
- Superintendent is required to attend all Board meetings.
- Claims Auditor and Treasurer are annually appointed by the Board.
- The District Claims Auditor and Treasurer report directly to the Board on a monthly basis.
- The District Treasurer maintains a Corrective Action Plan (CAP) schedule for all management comments issued by internal and external auditors and NY State auditors.
- Assistant Superintendents communicate directly to the Superintendent, and Board Members.

Results of our observations

- 1) During our review we noted the Board of Directors had performed Superintendent evaluations twice per year (consistent with practice). The Board President signed off on each evaluation. The evaluation was kept in the Superintendents personnel file.
- 2) We reviewed attendance of 25 board meetings and noted the Superintendent attended each meeting as required.

Results of our observations (continued)

- 3) We reviewed the CAP spreadsheet during our field work. We noted the spreadsheet was colored coded to help identify open items and items still in progress. The District should consider implementing a similar schedule for unaddressed agenda items. (see goals and evaluations section of this report).
- 4) We noted there is cross approval for business office vacation/paid time off.
- 5) We reviewed credentials for top level management, to ensure they are properly certified for their position. There were no exceptions found.
- 6) During our engagement, we noted the Assistant Superintendent for Business attendance of various Board and Committee meetings. This involvement ensures the business office remains informed.
- 7) In the event an error or fraudulent transaction is discovered, the business office staff is aware of the appropriate personnel to communicate the findings to. The District has a whistle blower policy in effect.

Best Practice Comparison

We compiled some of the significant policies and procedures found at three neighboring districts of similar and larger size, and compared those practices to the District's. We found the District policies and procedures compares similarly to other school districts. There were a few policies and procedures that were established elsewhere that the District may want to consider implementing.

Best Practice Policies and Procedures	Bedford Central School District	Similar size school district A	Similar size school district B	Larger size school district
Perform background check and fingerprinting of Board Members	-	-	-	-
Policy on BOE legal status and formation	✓	✓	✓	✓
Policy on Board elections and voting process and regulations	✓	✓	✓	-
Policy on BOE authority and duties	✓	✓	✓	✓
Policy on BOE resignation or basis for BOE removal	-	✓	✓	-
Policy on Duties of Board President and Vice President	✓	✓	✓	✓
Policy on Duties of Treasurer, District Clerk and Claims Auditor	✓	✓	✓	✓
Policy on Appointments and Designation authority of the BOE	✓	✓	✓	✓
Policy on Committee composition, duties and authority	✓	✓	✓	✓
Policy Committee reviews entire policy manual every three years	-	-	-	✓
Policy on Duties of Superintendent	✓	✓	✓	✓
Policy on Evaluation of the BOE	✓	✓	-	-
Policy on Evaluation of Superintendent	✓	✓	✓	✓
Existence of Audit committee charter	✓	✓	✓	✓
Conflict of interest policy	✓	✓	✓	✓
BOE annual sign off conflict of interest affidavit*	-	-	-	✓
Code of ethics policy	✓	✓	✓	✓
Policies on communication with the public (transparency)	✓	✓	-	✓
Availability of information (i.e. BOE meetings, minutes, contact info.)	✓	✓	✓	✓

*excluding conflict of interest confirmation requested by external auditor.