



# South Mountain Hickory Common School District Cash Disbursements

## Report of Examination

Period Covered:

July 1, 2014 – December 18, 2015

2016M-109



Thomas P. DiNapoli

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# State of New York Office of the State Comptroller

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## **Division of Local Government and School Accountability**

June 2016

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the South Mountain Hickory Common School District, entitled Cash Disbursements. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results are resources for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*

# Introduction

## Background

The South Mountain Hickory Common School District (District) is located in the Town of Binghamton in Broome County. Three employees manage the District: an elected Sole Trustee (Trustee), an elected District Treasurer (Treasurer) and an elected Tax Collector. The Trustee governs the District and is responsible for the general management and oversight of the District's affairs. The Treasurer is the District's chief accounting officer and is responsible for properly accounting for all District moneys. The Tax Collector is responsible for the District's real property tax collection process.

There are no schools in operation within the District. The District has 33 resident students who attend Binghamton City School District on a tuition basis. The District's budgeted expenditures for the 2015-16 fiscal year were \$427,903, which were funded primarily with real property taxes. Tuition paid to the Binghamton City School District for the 2014-15 fiscal year totaled \$269,348. The District also contracts with a private vendor for the transportation of District students for a total annual cost of \$76,000.

## Objective

The objective of our audit was to examine the District's cash disbursement practices. Our audit addressed the following related question:

- Did the Sole Trustee and Treasurer ensure that cash disbursements were for proper District purposes and adequately supported?

## Scope and Methodology

We examined the District's cash disbursement records for the period of July 1, 2014 through December 18, 2015.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit are included in Appendix B of this report.

## Comments of District Officials

The results of our audit have been discussed with District officials, and their comments, which appear in Appendix A, have been considered in preparing this report. District officials agreed with our report.

## Cash Disbursements

The Trustee and Treasurer are responsible for ensuring that all District disbursements are for legitimate purposes and adequately supported by invoices or receipts. Therefore, the Treasurer should submit prepared checks with supporting documentation to the Trustee for audit and approval prior to payment to ensure that disbursements are reviewed by both officials and are for accurate amounts and proper purposes.

The Trustee and Treasurer ensured that disbursements were for proper District purposes and adequately supported. The Treasurer submitted prepared checks, including supporting documentation, to the Trustee for audit and approval prior to payment.

During the audit period, 29 disbursements totaling \$387,491 cleared the bank. All 29 disbursements were for proper District purposes and adequately supported. Of the total disbursements made during that time, \$361,166 (or 93 percent) were for tuition and transportation expenditures. We verified that these tuition and transportation disbursements were properly supported and paid at the correct amount. We also reviewed all four canceled check images made payable to either the Trustee (two) or the Treasurer (two) totaling \$4,759 and found that they were for proper District purposes and adequately supported. Finally, we reviewed all 18 bank statements in our audit period and determined there were no unauthorized or undocumented electronic withdrawals or payments.

We commend District officials for implementing appropriate cash disbursement procedures.

## **APPENDIX A**

### **RESPONSE FROM DISTRICT OFFICIALS**

The District officials' response to this audit can be found on the following page.

## South Mountain Hickory Common School District

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Mr. Allen D. Buyck, District Superintendent of Schools  
Sole Supervisory District of Broome-Delaware-Tioga Counties  
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May 20, 2016

Division of Local Government  
and School Accountability  
NYS Office of the State Comptroller  
110 State Street  
Albany, NY 11236

To Whom It May Concern:

Thank you for conducting your audit of the South Mountain Hickory Common School District to determine whether the school district demonstrated adequate controls in regards to cash disbursements. We are in receipt of your draft report and as noted, there are no corrective action plans required.

This document should serve as our acknowledgement of the audit by the Office of the State Comptroller (OSC).

We would like to thank you for the comprehensive review undertaken by your staff. We appreciate the valuable feedback and guidance we have received.

Sincerely,

Allen D. Buyck  
District Superintendent  
South Mountain Hickory Common School District



## **APPENDIX B**

### **AUDIT METHODOLOGY AND STANDARDS**

To achieve our audit objective and obtain valid evidence, we performed the following procedures:

- We interviewed District officials to obtain an understanding of the cash disbursements process.
- We reviewed all 18 bank statements received during our audit scope period to determine if transfers or electronic withdrawals out of the District bank accounts were appropriate and properly supported.
- We reviewed all 29 canceled check images totaling \$387,491 for the audit scope to verify that they were all proper District purchases and were adequately supported.
- We verified that the District was paying the proper tuition rates for the audit scope period by tracing the tuition invoices to the Binghamton City School District Board-approved rates and New York State Education Department reports.
- We verified that the District was paying the proper transportation rates for the audit scope by tracing the invoices to the agreed-upon rate.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.



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Andrew A. SanFilippo, Executive Deputy Comptroller  
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