ASHFORD BOARD OF FINANCE
REGULAR MEETING
October 8, 2015

Members Present: Cathryn Silver-Smith (Chairperson), Chuck Funk, Tony Horn, Merrill Simpson, Gail Zaicek, Judy Austin (alt.), Carl Pfalzgraf (alt.), Mike Zambo (Selectman and Ex-Officio), Francine Hodovan (Recording Secretary)

Guests:
Ashford BOE: Kimberly Rourke
Ashford School: Superintendent James Longo, Finance Manager Don Neel
Public: William Darcy

1. **Call to Order:** Chairperson Cathryn Silver-Smith called the Regular Meeting of the Ashford Board of Finance to order at 7:00 p.m.

2. **Seating of Alternates:** Ms. Austin was seated for Ms. Eastwood.

3. **Approve Minutes of Special Meeting of September 17, 2015:**
   MR. FUNK MOVED AND MS. ZAICEK SECONDED A MOTION TO ACCEPT THE MINUTES OF THE SEPTEMBER 17, 2015 BOF SPECIAL MEETING WITH THE FOLLOWING CORRECTIONS. THE MOTION PASSED WITH EVERYONE VOTING AFFIRMATIVELY.

   Corrections:
   - Correct the spelling of Board Member Gail Zaicek's name throughout.
   - Under Item 3, Approve Meeting Minutes: Mr. Simpson seconded the motion to approve.
   - Under Item 3, Corrections, correct the spelling of the word "third" under Item 6e.
   - Under "New Business", delete the first bullet entirely since it is repeated more precisely further down.

4. **Hear from Public:**
   - Comments (attached) from Kimberly Rourke, Ashford BOE, about the manner in which Ms. Silver-Smith expressed concerns to the BOE on 10/1 about the School Superintendent's recent communication of corrective action plans to address school purchasing internal control issues

5. **Communications:**
   - 9/17 Letter (attached) from Ashford School Superintendent to CT State Department of Education (CSDE) Internal Audit outlining BOE corrective action plans to resolve control issues identified during FY 2013 and FY 2014 Town audits. The auditor and BOF were not on copy for the letter, which contradicted the action plan they received in April, 2015
   - 10/2 Letter (attached) from BOF Chair to Ashford School Superintendent requesting copies of all BOE FY corrective action plans submitted to the state pertaining to the FY 2014 audit
   - 10/8 Email (attached) from Ashford School Superintendent to BOF Chair for the 10/8 Ashford BOF Meeting
   - 10/5 Letter (attached) from Ashford School Superintendent to the CSDE Internal Audit containing a revised corrective action plan. Received by BOF 10/8
   - Mr. Funk reported that he and Selectman Zambo spoke regarding the Capital Improvements Committee and agreed that, effectively immediately, the First Selectman will chair the Committee, as he works on a daily basis with all members and has first-hand access to information from all involved. It was noted that, when the Capital Improvements Plan is presented to the BOF for approval during annual budget planning, that each department included in the proposed plan should have a representative present

6. **New Business:**
   a. **Selectman's Update:**
      - Cara Fishman began work as Ashford's Assessor on Friday, October 2nd

- The Ashford Agricultural Commission has requested that the Board of Selectman enact an ordinance to exempt horses and ponies from taxation. The BOD will bring this to town meeting for consideration (present potential impact $260.73)
- The tentative delivery date for the new Spartan Fire truck is October 13, 2015. After inspecting the truck, two change orders were signed for needed additions totaling $1,293.54. Because of the previously agreed upon price reduction the truck will still be purchased for $2,706.45 less than first agreed on
- The additional appropriation for WRTD in the amount of $2,180.01 previously approved by the BOF had been paid
- Woodstock will be added to the NECCOG regional engineering program that will save Ashford $2,568.00 next fiscal year (and a pro-rated amount for this fiscal year)
- Ashford's share of the state PILOT money for this fiscal year has been rescinded by the Office of Policy and Management ($5,814.00)
- The Senior Housing Authority Director reports that they will be able to pay the town PILOT monies next fiscal year ($10,000.00)
- The Tax Collector has scheduled a delinquent tax sale for December 2, 2015
- Ashford was not awarded a STEAP (Small Town Economic Assistance Program) grant this year

Selectman Zambo stated that he was present at a meeting with new Office of Public Management (OPM) Vice-Secretary Jackson and Mr. Jackson suggested that any new STEAP grants will be directed to road improvements.

He also stated that, after the state gave a poor rating on the bridge on Westford Hill Road, the DOT and federal government bridge reparation teams quoted a cost of $2,000,000 for its repair. Ashford's portion of the cost would have been $400,000. With the expertise and help of local individuals and DPW resources, the Town was able to repair the bridge for a cost of only $4,000. The first inspection of the bridge by the state indicted that it was adequately repaired.

b. FYE 2015 Ashford Town Audit – Status Update:

The most recent update from Maureen Barber, CPA was on September 29. All in all, the audit so far appears to be going relatively smoothly. Ms. Barber indicated that she was not aware of any issues with the financial statements or audit and that she and the auditor expected to confirm that government wide entries by October 2. Ms. Silver-Smith stated that she feels that the communications process during the audit still needs some improvement, noting that changes made to the internal schedule by participants need to be made known so that the adjustments can be made with everyone's knowledge. All changes to schedule, updates and/or concerns should be addressed to her so that they can be communicated to the appropriate groups/boards.

c. Financial Policies and Procedures Manual – Status Update:

According to the original schedule provided by Ms. Barber, her report and recommendations are expected in early November. Ms. Silver-Smith stated that she has requested that Ms. Barber review her testing results with the parties involves in the testing as a courtesy before presenting those results to the boards. Ms. Silver-Smith will contact Ms. Barber for her targets dates for completing remaining work.

d. FYE 2014 Audit – Ashford BOE Corrective Action Plan:

Ms. Rourke noted that all items that are currently being implemented as mentioned in Superintendent Longo's letter of October 5, 2015 are currently in place. Going forward, any changes to the controls noted in the letter should be provided to the BOF, BOS and the auditors. Dr. Longo stated that he, " the school employees, and the BOE take everyone very seriously and that the BOE has been critical and very active in the expectations of perfection. The corrective actions are only a summary which were sent to the auditors and not copied to the BOF." He said that the "State was satisfied that corrective actions were taken. Even though there is some back and forth, corrective actions are in place. [He] doesn't want debates, arguments, or disagreements to deteriorate the relationships between the school, the BOE and the BOF, and the work is being done."

7. Committee Reports:

a. Annual Report:

Ms. Silver-Smith continues working to complete the document reformatting, which is taking much more time than was anticipated.

8. Agenda Items for Next Meeting:

- Annual Report
- Audit Status
- Financial Policies and Procedures
- Budget Planning

9. Remarks for the Good of the Board:

Mr. Zambo stated that it was in 2003 that Tony Horn became a member of the BOF and that Mike has been on the BOS as long. "Tony's invaluable input has always been well-thought out and respectful." He will miss Tony on this Board now that he will not be running again. It is, therefore, with regret that the BOF loses long time and faithful member, Tony Horn who leaves us this evening. Ms. Silver-Smith and the BOF all agreed and wished Mr. Horn well. Mr. Horn stated that what he appreciated most about serving on this board "is that we drop the "D's" and "R's" in here as I wish they would in D.C."

10. Adjournment:

MR. HORN MOVED AND MS. ZAICEK SECONDED A MOTION TO ADJOURN THE OCTOBER 8, 2015 REGULAR MEETING OF THE ASHFORD BOARD OF FINANCE. THE MOTION PASSED WITH EVERYONE VOTING AFFIRMATIVELY.

The Ashford Board of Finance Regular Meeting adjourned at 8:37 p.m.

Respectfully submitted,

Cathryn Silver-Smith (for BOF Clerk)

Attachments:

A - 10-08-2015 Comments from Kimberly Rourke, Ashford BOE to BOF
B - 09-17-2015 Letter from School Superintendent to CSDE Internal Audit
C - 10-02-2015 Letter from BOF Chair to School Superintendent
D - 10-08-2015 Email from School Superintendent for 10/8 BOF Meeting
E - 10-05-2015 Letter from School Superintendent to CSDE Internal Audit

Attachment A - 10-08-2015 Comments from Kimberly Rourke, Ashford BOE to BOF

October 8, 2015

Good Evening. My name is Kimberley Rourke, and, for those who may not know, I am a member of the Ashford School Board of Education. I thank you for the opportunity to speak to you tonight.

My remarks pertain to comments made at our Board of Education meeting last Thursday evening surrounding a letter that was sent to the Connecticut State Department of Education in response to Management Letter recommendations arising out of the FYE 2014 audit. I am not here to discuss the letter or the audit recommendations specifically (as those are being addressed by Dr. Longo and Mr. Neel), but rather, to communicate my concern about the manner in which our Board and our Superintendent were addressed at our own meeting by your Board Chair, Ms. Silver-Smith.

As you do, we welcome feedback and comments from the public as one of our first agenda items at each BOE meeting. Our Board takes such feedback very seriously and, in fact, many positive changes at Ashford school have arisen from this feedback. I (and I believe, our entire Board) have an expectation that individuals who come to speak will do so respectfully, thoughtfully and in the spirit of collaboration. We expect to be treated professionally and to be given an opportunity to address issues that are brought to our attention with the school administration before debating them during the public comment period. Last Thursday evening, we were not addressed in this way, nor were we given that opportunity.

Under the leadership of our Board Chair, Jim Rupert (who could not be here tonight), I feel that our Board, our Superintendent and our staff have worked diligently to try to change what **was** an ongoing antagonistic relationship with the BOF to one that, has been a more collaborative, productive approach. Clearly, this more positive approach benefits and rewards the hard work of both of our Boards, and ultimately, the citizens of our Town.

As an elected representative, I think we owe it to the people who put their trust in us to see such collaboration continue into the future

Thank you very much for your time.

Attachment C - 10-02-2015 Letter from BOF Chair to School Superintendent

Ashford Board of Finance

5 Town Hall Road
Ashford, CT 06278
bofashford@ashfordtownhall.org

October 2, 2015

Dr. James Longo, Superintendent
Ashford School District
440 Westford Road
Ashford, CT 06278-0128

RE: Fiscal Year 2014 Audit - Corrective Action Plans

Dr. Longo,

Please email copies of all corrective action plans your office has submitted to the Connecticut State Department of Education in response to Ashford Board of Education internal control deficiencies documented in the *Letter on Certain Internal Control Related Matters* section of the Town of Ashford's June 30, 2014 annual audit. The date of submission should be noted for each corrective action response.

The Board of Finance needs to receive the requested information by Wednesday, October 7, 2015.

Thank you,
Cathryn Silver-Smith, Chair
Ashford Board of Finance

cc: Mr. James Rupert, Chair, Ashford Board of Education
Mr. Michael Zambo, First Selectman, Town of Ashford
Mr. Michael VanDeventer, Partner, MahoneySabol & Company, LLP

Attachment D - Email from School Superintendent for 10/8 BOF Meeting

From: James P. Longo
To: Ashford Board of Finance <jplongo@ashfordct.org>
Date: 10/8/2015 12:12 AM
Re: Communications for the Ashford Board of Finance Meeting

Cathryn,

Yes you are correct. Therefore today i sent a clarification to the state. A copy is in your mail at town hall. I will also email you a copy in the morning. I think Jen sent you one today prior to a few minor last minute edits i made. So please use the one i send in the morning or the hard copy in your mail at town hall. There were just a few minor edits.
Jim
Sent from my iPad

Board of Finance Ashford
Wed 10/7/2015 10:30 PM

Jim,
Thank you. This information has been forwarded to all Board of Finance members.

During the 10/1 Board of Education meeting you indicated that the letter from Don Neel had not been sent to the state, pending Board of Education review. It now appears that it was included as an attachment to your 9/17 response to the state.

Please note, Mr. Neel's letter does not align with some recommendations advised by independent audits, adopted by the Board of Education and communicated to the auditor and Board of Finance. This needs to be addressed.

Regards,
Cathryn

Cathryn E. Silver-Smith, Chairperson
Ashford Board of Finance
860.954.3979 Office
860.428.0011 Cell
860.487.6219 Residence
bofashford@ashfordtownhall.org

Ashford School

440 Westford Road (Rt. 89)
Ashford, CT 06278
School Web site: www.ashfordct.org

James P. Longo, Ed.D
Superintendent of Schools
860-429-1927
860-429-3651
jplongo@ashfordct.org

Cynthia A. Ford
Director, Pupil Personnel
860-429-1927
860-429-3651
cford@ashfordct.org

Troy C. Hopkins
Principal
860-429-6419
860-487-4393
thopkins@ashfordct.org

Garrett J. Dukette
Assistant Principal
860-429-6419
860-487-4393
gdukette@ashfordct.org

September 17, 2015

Gloria McCree, Director
Office of Internal Audit
State of Connecticut
Department of Education
P.O. Box 2219
Hartford, CT 06145

Sent via Electronic and Certified Mail

Dear Ms. McCree;

The Office of the Superintendent of Schools acknowledges receipt of letter from the Office of Internal Audit concerning desk audit findings and a corrective action response for the 2013-2014 fiscal year. Please be advised this letter arrived on September 9, 2015.

Attached to this letter you will find a copy of the highlighted recommendations that were provided with your request for corrective action, and a written response to those recommendations.

Should you have any questions or require any further information concerning this matter, please do not hesitate to contact me.

Sincerely,

James Longo

James P. Longo, Ed.D
Superintendent of Schools

cc: file
Ashford Board of Education

Rec'd 9/9/2015

STATE OF CONNECTICUT

DEPARTMENT OF EDUCATION

September 4, 2015

Dr. James Longo
Superintendent of Schools
Ashford Public Schools
440 Westford Road
Ashford, CT 06278-0128

Dear Dr. Longo:

The Office of Internal Audit has reviewed the town of Ashford's fiscal year 2013-2014 audit report, along with reports on state financial assistance and/or federal awards.

As part of the desk review of these audits, we are required to determine whether audit findings and recommendations have been addressed, and that a corrective action plan has been developed in response to them.

Attached to this letter you will find a copy of certain highlighted comments and recommendations which were included in the town's management letter for the year ended June 30, 2014. Comments which have been repeated from the previous year's audit report have been identified with an asterisk (*).

Please forward to this office by September 18, 2015 a copy of the corrective action plans developed to comply with the highlighted recommendations. Your response should be specific and complete, particularly in the case of a finding that has been repeated from the previous year.

Thank you for your attention to this matter. If you have any questions, please call Theresa Drouin-Guerette at (860) 713-6534 or email Theresa.Drouin-Guerette@ct.gov.

Sincerely,

Gloria McCree,
Director, Office of Internal Audit

GM:tdg
Attachment

cc: Theresa Drouin-Guerette

MahoneySabol
CPAs and Advisors

95 Glastonbury Boulevard, Suite 201
Glastonbury, CT 06033-4453

860.541.2000 main
860.541.2001 fax

mahoneysabol.com

Glastonbury
Middletown
Essex

To the Board of Finance and management of the
Town of Ashford, Connecticut

In connection with our audit of the financial statements of the Town of Ashford, Connecticut (the "Town"), as of June 30, 2014 and for the year then ended, auditing standards generally accepted in the United States of America ("US GAAS") require that we advise management and the Board of Finance (hereinafter referred to as "those charged with governance") of certain internal control matters identified during our audit.

Our responsibilities

Our responsibility, as prescribed by US GAAS, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit includes consideration of internal control over financial reporting (hereinafter referred to as "internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of identifying deficiencies in internal control or expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we express no such opinion on internal control effectiveness.

Identified deficiencies in internal control

During our audit, we became aware of the following deficiencies in internal control other than significant deficiencies or material weaknesses, and other matters that are opportunities for strengthening internal controls and operating efficiencies:

System: Board of Education

Purchasing Policy and Procedures

During our audit, we noted that a school project funded out of the Capital Project Fund was initially procured and awarded solely by the Superintendent of Schools. The spending of Capital Project Funds is subject to oversight of the Board of Finance and the purchase of goods and services from capital funds should adhere to the Town's ordinance on purchasing.

Although this deviation from the Town's purchasing ordinance was subsequently identified and addressed by the Town, we recommend that the Board of Education's purchasing policy and procedures be updated to address instances whereby the Town's purchasing ordinance is required to be followed.

System: Board of Education ***(Continued)***

Purchasing Policy and Procedures (Continued)

In addition, during the prior year audit, we noted that the Board of Education adopted a purchasing policy and procedures relating to purchasing and awarding of contracts. Within this policy we noted that specifications, advertising, opening, record keeping, awarding, and waivers related to the bid process were all at the discretion and authorization of the Superintendent of Schools. In addition, it was noted that subsequent to the resignation of the Board of Education Business Manager, only one approval, from the Superintendent of Schools, is required on all purchase requisition and purchase orders. No additional approval is required on any purchases, including those initiated by the Superintendent. We recommended that the Board of Education consider adding additional levels of approval and involve other individuals in the purchasing and authorization process, to ensure adequate segregation of duties has been achieved.

During the current year audit, it was noted that in practice, the Superintendent of Schools has begun working cooperatively with the First Selectman and the Town Finance Office concerning any potential or actual requests for proposals for capital purchases. In addition, bid postings have been a mutual effort of both the Town and the Superintendent. While this practice improves the overall segregation of duties we recommend that the Board of Education update its purchasing policy to incorporate these changes.

It was further noted that in practice, purchases initiated by the Superintendent of Schools continue to be processed with no additional approval. We continue to recommended that the Board of Education consider adding an additional level of approval for purchases initiated by the Superintendent to ensure adequate segregation of duties.

Processing of Purchase Orders

During the current year audit, we identified a number of purchase orders that were dated subsequent to the invoice date, indicating that the purchase may not have been authorized prior to item acquisition.

Although there are situations where purchases may be required prior to obtaining the appropriate authorizations (i.e. due to an emergency), these situations should be limited and adequately documented. For all non-emergency purchases, we recommend that the employees responsible for purchasing be informed of the Board of Education's purchasing policies and procedures and that such employees be held accountable for compliance.

Student Activity Funds: Timeliness of Deposits

During our audit, we identified certain instances where student activity receipts were not deposited in a timely manner. Although the receipts are kept in a secure location, failing to make timely deposits increases the risk of error and the risk of misappropriation of funds.

We recommend that deposits be made in a timely manner, with as little cash as possible being kept in departmental offices after business hours.

Control over Capital-type Items

During our audit, we noted that the Board of Education has made significant investments in technology equipment and these items have not been capitalized since they do not meet the definition of capitalized assets for financial reporting purposes. When these items are not capitalized, care should be taken to ensure that adequate control is maintained to safeguard the existence of and to ensure accountability over such items.

System: Board of Education ***(Continued)***

Control over Capital-type Items (Continued)

We recommend that the Board of Education undertake a systematic effort to identify all of its controlled capital-type items. The Board of Education Finance Department should capture capital-type items as part of the normal disbursement process. Disposal of items should be documented and reported to the Board of Education Finance Department. In addition, as part of the year-end closing process, a detailed listing of capital-type items should be prepared along with an explanation of changes from the previous year. The detailed listing of capital-type items should be maintained by the Board of Education Finance Department and should be periodically verified to ensure the reliability and completeness of the listing.

Disposal of Fully Depreciated Capital Assets

During our audit, we noted that the current capital asset listing of the Board of Education includes a number of older fully depreciated assets that may no longer be held by the Board of Education.

We recommend that the Board of Education implement procedures that requires periodic notification to the Board of Education Finance Department of capital asset disposals to ensure timely and accurate recording for financial reporting purposes. Documentation of disposals should include the method of disposal, approval obtained and the sale amount, if applicable.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Town personnel, and we will be pleased to discuss them in further detail at your convenience, to perform additional study of these matters, or to assist you in implementing the recommendations.

We appreciate the courtesies extended to us by the management and staff of the Town, and would be happy to discuss the above matters further at your request.

This communication is intended solely for the information and use of the Board of Finance and management of the Town, the Office of Policy and Management, and federal and state awarding agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
November 28, 2014

Ashford School

440 Westford Road (Rt. 89)
Ashford, CT 06278
www.ashfordct.org

Dr. James Longo
Superintendent of Schools
860 429-1927
860 429-3651 Fax
jplongo@ashfordct.org

Cynthia Ford
Director of Pupil Personnel
860 429-1927
860 429-3651 Fax
cford@ashfordct.org

Troy Hopkins
Principal
860 429-6419
860 487-4393 Fax
thopkins@ashfordct.org

Garrett Dukette
Assistant Principal
860 429-6419
860 487-4393 Fax
gdukette@ashfordct.org

To: James P. Longo, EdD, Superintendent
From: Donald A. Neel, Business Manager
Date: September 16, 2015
Subject: Corrective Action Plan - 2013-14 audit management letter recommendations

No significant findings or material weaknesses were identified during the 2013-14 audit. However, a management letter was issued by MahoneySabol that included recommendations to strengthen internal controls. Our corrective action plan is as follows:

Purchasing Policy and Procedures - Capital

As noted in the management letter, this issue had already been addressed. Purchases from the Capital Project Fund that benefit the public schools and require public purchasing are referred to the First Selectman's office for bidding and award.

Corrective Action: A proposed Purchasing Policy revision is currently under review by the Board of Education. This modification clarifies the authority of the Board of Education to manage procurement of goods and services made from funds it controls.

Purchasing Policy and Procedures - Purchases initiated by the Superintendent

As the district's Chief Executive Officer, the Superintendent does not require approval from any subordinate staff member for purchases initiated or ordered by him or her. The discretion of the Superintendent to direct the use of budgetary resources is well within his/her statutory authority to manage the day-to-day activities of the district. I disagree with this recommendation as broadly worded as it is. In a more appropriately limited interpretation, there is reasonable concern that a Superintendent could be in a position to misappropriate financial resources for personal benefit.

Corrective Action: A procedure or policy will be prepared for consideration by the Ashford Board of Education through which any non-contractually-required expenditure paid to the Superintendent or other expenditure that might be construed as personally benefitting the Superintendent will be presented to the Board of Education or its designated member for approval.

Processing of Purchase Orders

Purchase orders are prepared on a "homegrown," stand-alone system that is not integrated with the district's accounting software. As such, the process for creating P.O.s lacks the normal controls that are included in contemporary, integrated systems. Much potential for data entry errors (e.g., P.O. issue date) exists. Moreover, past practice in the district has been to retroactively adjust encumbrances in the purchase order system to match final invoice amounts, and subsequently print revised P.O.s. This exacerbates the risk of apparent post-order dated P.O.s. A fundamental principle of encumbrance accounting is that, when exact payable liabilities are not known, that the encumbrance

will be based on the best estimate of anticipated expense. Perfect requisitioning is neither reasonable, nor required.

Corrective Action: Staff have been notified of requisitioning requirements via the "Administrative Guide to School Financial Matters and Transactions." Finance staff prepare purchase orders prior to ordering under normal (i.e., non-emergency) circumstances. Beginning in fiscal 2015-16, the practice of adjusting purchase orders to final invoice amounts will be discontinued. The original encumbrance is recorded in the accounting software and reasonable variances in invoice amounts above or below the encumbrance will be accommodated. The long-term objective is to replace the current accounting system with a package that would include requisitioning/purchase orders functionality to automatically post encumbrances and liquidate those encumbrances as payments are made and/or P.O. balances released.

Student Activity Funds - Timeliness of Deposits

As noted in the management letter, student activity receipts are kept securely locked in the safe, which itself is in a locked closet, until deposited. Finance staff neither recall the specific deposits that did not meet the subjective determination of "timely," nor of the magnitude of these deposits. As we are a rurally located district without convenient access to banking services, the productivity loss and travel reimbursement cost of staff time to go to the bank (30 minute round trip, at best) must be weighed against the risk of loss from misappropriation.

Corrective Action: A Business Office procedure has been instituted establishing a minimum frequency of weekly deposits when the amount of student activity cash and checks on hand exceeds $500.

Control over Capital-type Items

Control and accounting measurement of capital assets is within the purview of the Board of Education Finance Department; control of non-capital ("capital-type") assets is not. The instructional and operational departments (primarily Information Technology and Facilities) that deploy and maintain these assets are responsible for their custody and control.

Corrective Action: None required. Inventory and care of non-capital assets is already handled by the department directors who are in the best position to exercise fiduciary responsibilities over them.

Disposal of Fully Depreciated Capital Assets

Corrective Action: The capital asset inventory was reviewed at 2014-15 year-end. Assets that are no longer in the district's possession were removed and fully depreciated assets that no longer serve any accounting purpose (i.e., no impact on the Town's balance sheet or future expense) were flagged for removal. In addition, agreement was reached between Board of Education and Town finance personnel that BOE capital assets would be maintained in the Town capital asset/depreciation system. On an annual basis, the Business Office will provide Town Finance with capital additions purchased with funds controlled by the Board of Education and the Town, in turn, will provide the current list of BOE assets for review. The Business Office will provide details regarding the disposition of any capital assets that were released or impaired during the year.

U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information, visit our website at www.usps.com®

OFFICIAL USE

Postmark Here

Postage	$ 70.5
Certified Fee	3.45
Return Receipt Fee (Endorsement Required)	2.80
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 6.955

Sent To: Gloria McCree, Office of Internal Audit
Street, Apt. No.; or PO Box No.: PO Box 2219
City, State, ZIP+4: Hartford CT 06145-2219

See Reverse for Instructions

PS Form 3800, August 2006

7014 0150 0002 1951 5520

7014 0150 0002 1951 5520

PLACE STICKER AT TOP OF ENVELOPE TO THE RIGHT OF THE RETURN ADDRESS, FOLD AT DOTTED LINE

CERTIFIED MAIL™

lic Schools
ord Rd.
T 06278
uperintendent

stamps.com
$6.955
US POSTAGE
FIRST-CLASS
062S0008986253
FROM 06278
B55625.11

Gloria McCree, Director
Office of Internal Audit
State of Connecticut
Dept. of Education
P.O. Box 2219
Hartford CT 06145

Mailed Sept. 18, 2015
from Ashford School
TB

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Gloria McCree Director
Office of Internal Audit
State of CT
Dept of Education
PO Box 2219
Hartford CT 06145

COMPLETE THIS SECTION ON DELIVERY

A. Signature
X
☐ Agent
☐ Addressee

B. Received by (Printed Name)
C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type
☒ Certified Mail® ☐ Priority Mail Express™
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ Collect on Delivery

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Transfer from service label) 7014 0150 0002 1951 5520

PS Form 3811, July 2013 Domestic Return Receipt

Corrective Action Response - Ashford

Jennifer Barsaleau <jbarsaleau@ashfordct.org> Fri, Sep 18, 2015 at 10:42 AM
To: Theresa.Drouin-Guerette@ct.gov
Cc: gloria.mccree@ct.gov
Bcc: James Longo <jplongo@ashfordct.org>, Don Neel <dneel63@charter.net>

Good morning,
Attached please find an electronic copy of the response to desk audit findings for the FY 14 audit of the Ashford Board of Education. A hard copy of these same documents have been sent via certified mail.
As the response is due today, would you kindly acknowledge that you have received this email?
Thank you and have a pleasant day.

--
Jen Barsaleau
Administrative Assistant
Office of the Superintendent of Schools
Ashford Public Schools
440 Westford Road
Ashford, CT 06278
(860)429-1927x365
(860)429-3651 fax

The information contained in this electronic email message is privileged and confidential. It is intended solely for the addressee. Access to this email by anyone other than the addressee is prohibited. Copying or distributing this email is unauthorized. If you have received this email in error, please notify me immediately by email and delete the email.

FY 14 Corrective Action Response BOE.pdf
4681K

Jennifer Barsaleau <jbarsaleau@ashfordct.org>

Corrective Action Response - Ashford

McCree, Gloria <Gloria.McCree@ct.gov> Fri, Sep 18, 2015 at 12:31 PM
To: Jennifer Barsaleau <jbarsaleau@ashfordct.org>, "Drouin-Guerette, Theresa" <Theresa.Drouin-Guerette@ct.gov>

Hi Jennifer,

The documents were received. Thank you.

Gloria McCree

From: Jennifer Barsaleau [mailto:jbarsaleau@ashfordct.org]
Sent: Friday, September 18, 2015 10:43 AM
To: Drouin-Guerette, Theresa
Cc: McCree, Gloria
Subject: Corrective Action Response - Ashford

[Quoted text hidden]

Ashford School

440 Westford Road (Rt. 89)
Ashford, CT 06278
School Web site: www.ashfordct.org

James P. Longo, Ed.D
Superintendent of Schools
860-429-1927
860-429-3651
jplongo@ashfordct.org

Cynthia A. Ford
Director, Pupil Personnel
860-429-1927
860-429-3651
cford@ashfordct.org

Troy C. Hopkins
Principal
860-429-6419
860-487-4393
thopkins@ashfordct.org

Garrett J. Dukette
Assistant Principal
860-429-6419
860-487-4393
gdukette@ashfordct.org

October 5, 2015

To: Gloria McCree, Director of Internal Audit, CSDE

From: Dr. James Longo, Superintendent of Ashford School

Re: Ashford Board of Education clarification of Response to Audit Management Letter

Please note that I sent a response to your memo dated September 4th that met your September 18th deadline already, however, at its October 1, 2015 meeting, the Board of Education asked me to clarify the corrective actions that it has taken in response to the 2013-2014 audit management letter, specifically any area of concern that was repeated in two consecutive audits.

Audit concerns cited in the 2013-2014 management letter with BOE corrective actions:

- No significant findings or material weaknesses were identified during the 2013-14 audit, however, a management letter was issued by MahoneySabol that included recommendations to strengthen internal controls.
- Issues and our corrective action plan is as follows:

<u>Purchasing Policy and Procedures - Capital</u>
Issue: This refers to an issue cited in the 2012-2013 management letter, but was not repeated during the 2013-2014 academic year. As noted in the 2013-2014 management letter, this issue had already been addressed. A practice that adhered to the recommended procedures in the audit was followed immediately. Additionally, an administrative regulation that further clarifies this policy is under development.

- Corrective Action: Purchases from the Capital Project Fund that benefit the public schools, and require public purchasing, are referred to the First Selectman's office for bidding and award. Such projects are also managed through cooperation with the First Selectman.

<u>Purchasing Policy and Procedures - Purchases initiated by the Superintendent of Schools</u>
Issue: a lack of segregation of duties may exist under the purchasing policy for any purchases that are both initiated and authorized by the superintendent.

- Corrective Action: Immediately upon receipt of the recommendations of the auditor a compliant practice and procedure was put in place. Upon assurance that this practice was

working effectively, an amendment to Board purchasing policy was passed in March. The following excerpt is copied from the approved minutes of the Ashford Board of Education meeting of March 19,2015: Motion made by K. Warren to amend existing policy and/or regulation as necessary to indicate that a review of purchases initiated by or for the benefit of the Superintendent, will occur monthly as a part of the board's normal review of accounts payable, expenditure and reconciliation reports received. Motion seconded by L. Donegan and carried unanimously.

Processing of Purchase Orders

Issue: Purchase orders are prepared on a "homegrown," stand-alone system that is not integrated with the district's accounting software. As such, the process for creating P.O.s lacks the normal controls that are included in contemporary, integrated systems. Much potential for data entry errors (e.g., P.O. issue date) exists. Moreover, past practice in the district has been to retroactively adjust encumbrances in the purchase order system to match final invoice amounts, and subsequently print revised P.O.s, which has exacerbated the situation identified.

- Corrective Action: Staff has been notified of requisitioning requirements via the Board of Education's " Administrative Guide to School Financial Matters and Transactions." Finance staff now prepares purchase orders prior to ordering under normal (i.e., non-emergency) circumstances. Also, beginning in fiscal 2015-16, the practice of adjusting purchase orders to final invoice amounts will be discontinued. The original encumbrance is recorded in the accounting software and reasonable variances in invoice amounts above or below the encumbrance will be accommodated. The long-term objective is to replace the current accounting system with a package that would include requisitioning/purchase orders functionality to automatically post encumbrances and liquidate those encumbrances as payments are made and/or P.O. balances released.

Student Activity Funds - Timeliness of Deposits

Issue: certain incidents when student activity funds deposits were not made in a timely manner.

- Corrective Action: A Business Office procedure has been instituted establishing a minimum frequency of weekly deposits when the amount of student activity cash and checks on hand exceeds $500. As noted in the management letter, student activity receipts are kept securely locked in the safe, (which itself is in a locked closet) until deposited.

Control over Capital-type Items

Issue: Control and accounting measurement of capital assets is within the purview of the Board of Education Finance Department; control of non-capital ("capital-type") assets is not. The instructional and operational departments (primarily Information Technology and Facilities) that deploy and maintain these assets are responsible for their custody and control.

- Corrective Action: None required. Inventory and care of non-capital assets is already in place and occurring.

Disposal of Fully Depreciated Capital Assets

Issue: Auditor's concern that current capital asset listing held by the board includes fully depreciated assets that may no longer be held by the board.

- Corrective Action: The capital asset inventory was reviewed at 2014-15 year-end. Assets that are no longer in the district's possession were removed, and fully depreciated assets that no longer serve any accounting purpose (i.e., no impact on the Town's balance sheet or future expense) were flagged for removal. In addition, agreement was reached between Board of Education and Town finance personnel that BOE capital assets would be maintained in the

Town capital asset/depreciation system. On an annual basis, the Business Office will provide Town Finance with capital additions purchased with funds controlled by the Board of Education and the Town, in turn, will provide the current list of BOE assets for review. The Business Office will provide details regarding the disposition of any capital assets that were released during the year.

Hopefully this memo further clarifies the Ashford Board of Education's response to the management letter for the fiscal year that ended June 30, 2014. Upon review of my initial memo to you the Board felt that further information should be forwarded, making it clear that the Board did respond immediately with compliant changes in practice, and followed with amendments to policy once the practice proved to be effective.

Thank you for your attention to this matter. I remain available should you have any questions, or require further information.

Cc: James Rupert, Chairman, Ashford Board of Education
Cathryn Silver-Smith, Chairman, Ashford Board of Finance