

**Blind Brook - Rye  
Union Free School District  
Independent Accountant's Report On  
Applying Agreed-Upon Procedures  
October 20, 2010**

**INDEPENDENT ACCOUNTANT'S REPORT ON  
APPLYING AGREED-UPON PROCEDURES**

To the Board of Education and Audit Committee  
Blind Brook - Rye Union Free School District  
Rye Brook, New York

We have performed the procedures described in the following pages, which were agreed to by the Blind Brook - Rye Union Free School District (District), solely to determine the effectiveness of the District's purchasing activities in complying with District policy for the period July 1, 2009 through August 31, 2010.

The District's management is responsible for administering this area.

This engagement to apply agreed-upon procedures was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the District. Consequently, we make no representation regarding the sufficiency of the procedures either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are described in the following pages.

We were not engaged to and did not conduct an audit, the objective of which would be the expression of an opinion on the District's purchasing activities. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We would like to express our appreciation for the cooperation and assistance that we received from the District's administration and other employees during our engagement.

This report is intended solely for the information and use of the District and is not intended to be and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purpose.

*Cullen & Danowski, LLP*  
October 20, 2010

**BLIND BROOK - RYE UNION FREE SCHOOL DISTRICT**  
**Report on Applying Agreed-Upon Procedures**  
For the Period Ended August 31, 2010

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**Introduction:**

This report is broken down into two sections. The first section is the background of the purchasing activities in the District and the procedures performed. The second section is the findings of our review, and recommendations for internal controls or improved efficiency in the processing of purchase orders. Some of the recommendations may require reassignment of personnel or a monetary investment. Any enhancement of procedures should be done only after a careful cost/benefit analysis.

**Preparation of a Corrective Action Plan**

Commissioner of Education Regulation §170.12(e)(4) requires that a corrective action plan, approved by the board of education, must be filed within 90 days of issuance with the New York State Education Department.

The District should send the Corrective Action Plan (CAP) along with the respective Internal Audit Report via mail or email to the addresses listed below. The report needs to accompany the CAP to allow the Office of Audit Services (OAS) to reconcile the District's CAP to the report to ensure all items have been addressed (i.e., CAP is not missing any recommendations).

***Submission Information – Mail & Email***

New York State Education Department (NYSED)  
Office of Audit Services (OAS)  
89 Washington Avenue  
Room 524 EB  
Albany, NY 12234  
[Fsanda133@mail.nysed.gov](mailto:Fsanda133@mail.nysed.gov)

***Contact***

Mr. John Cushion, (518) 474-5928

**BLIND BROOK - RYE UNION FREE SCHOOL DISTRICT**  
**Report on Applying Agreed-Upon Procedures (Continued)**  
For the Period Ended August 31, 2010

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**Background:**

We were engaged to determine the effectiveness of the District's purchasing activities in complying with District policy. For the entire period under review the Assistant Superintendent for Finance and Facilities has served as the purchasing agent for the district.

The District utilizes Finance Manager as its financial management software. Finance Manager is a powerful, integrated system that is used by many school districts in New York. Related to the purchasing function, the District utilizes the requisition manager module, which provides for electronic processing of purchase requisitions. The use of these systems allows for systematic control over approvals, and account codes charged for requisitions.

During the past year, the District adopted several administrative regulations related to the purchasing activities of the District.

According to the engagement letter dated August 19, 2010, the following procedures were performed:

- We reviewed Board of Education policies and District procedures related to the purchasing function.
- We interviewed Business Office personnel regarding policies, procedures and systems in effect related to purchasing.
- We reviewed the purchasing related activity for the time period as follows:
  - For vendor amounts with disbursements greater than \$100,000 during that time period – selected a sample of 10 accounts.
  - For vendor accounts with disbursements between \$20,000 and \$100,000 during that time period – selected a sample of 10 accounts.
  - For vendor accounts with disbursements between \$10,000 and \$20,000 during that time period – selected a sample of 10 accounts.
  - For vendor accounts with disbursements between \$300 and \$10,000 during that time period – selected a sample of 10 accounts.
  - For each of the 40 accounts selected we considered the nature and frequency of transactions with the vendor and examined the purchasing and disbursement records for up to two judgmentally selected invoices to determine whether the applicable policies and procedures have been followed.

**Findings and Recommendations:**

- The purchasing policy and regulations are well known throughout the District and these policies and regulations appear adequate for the District to be in compliance with General Municipal laws 103 and 104, which govern purchasing activities of governmental agencies (including school districts) in New York State.
- The bid files we examined were complete and well maintained.

**BLIND BROOK - RYE UNION FREE SCHOOL DISTRICT**  
**Report on Applying Agreed-Upon Procedures (Continued)**  
For the Period Ended August 31, 2010

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**Use of State Contracts or Cooperative Bids:**

The use of state contracts and cooperative bids can be an efficient method of purchasing goods and services. In several instances, we noted that a purchase was being ordered through the applicable state contract or bid. However, the fact that the order is based on a state contract or bid was not noted on the document. Without this documentation on the purchase requisition and purchase order it is difficult for the Purchasing Agent or Claims Auditor to determine if the purchasing regulations of the District have been followed.

- 1) We recommend that in the instances in which goods or services are purchased under state contract or cooperative bid that the documentation contain a note containing the bid number or contract number. In addition, the Purchasing Agent may require that documentation regarding the specific prices charged be included in the requisition package.

**Lack of Competitive Quotes**

The purchasing regulations of the District require that for purchases between \$1,000 and \$10,000 that multiple quotes for the goods or services be obtained. The intent of this regulation is to help ensure that the District receives the goods and service and the best possible price.

We noted several instances in which multiple quotes were not received for goods purchased in excess of \$1,000.

- 2) We recommend that the Purchasing Agent enforce the requirement for multiple quotes and obtain explanations and documentation for any variance with the regulation prior to issuing a purchase order. In addition, individual transactions in amounts greater than the amount for which multiple quotes are required should not be processed against "blanket" purchase orders. In these cases a separate purchase requisition with required quotes should be submitted.

**Segregation of Duties**

During our review, we noted that for certain funds the Treasurer has the conflicting responsibility to process purchase orders and enter payments into the accounts payable system.

- 3) We recommend that the District consider reassigning the responsibility for data entry into the accounts payable system from the Treasurer to the Accounts Payable Clerk.

**Invoices exceeding the Purchase Order**

We found one service provider that had a Board-approved contract for \$10,000 to provide tutoring services to students. This contract was increased to \$18,000 with Board approval. However, the total cost incurred for these services under this purchase order was \$25,520.

- 4) We recommend that properly authorized increases to purchase orders be administered prior to the services being provided. This requires diligent oversight by the department that is using the services so that changes to the initial purchase order can be processed timely and with the appropriate level of approval.

