

Mohawk Valley Elementary School District Performance Audit Report 2 of 2

District compensated some employees contrary to USFR requirements and/or employment agreement terms, including improperly paying \$31,000 to 4 employees that may be considered improper bonuses under State law; additionally, it did not follow some cash-handling, purchasing, and conflict-of-interest requirements and allowed some users too much access to accounting system functions

Audit purpose

To assess the District's efficiency and effectiveness in 4 operational areas—administration, plant operations and maintenance, food service, and transportation—and its compliance with certain State requirements.

Our Office has issued a series of 2 performance audit reports of the Mohawk Valley Elementary School District (District). The first report, issued in August 2025, primarily discussed issues we identified related to the District's capital planning, funding, and assets, including a property tax that may have been unnecessarily levied to pay for emergency repairs and the District's management and use of District-owned housing units. Additionally, the report provided information about the District's recently constructed water treatment facility and the challenges the District has faced in obtaining safe drinking water for its facilities. The first audit report included 3 findings that resulted in 8 recommendations to the District and 3 recommendations to the Governing Board.

This second and final report focuses on additional compensation improperly paid to some District employees, potential conflicts of interest, and deficiencies associated with the District's internal controls and information technology management and oversight.

Key findings

- ▶ District improperly paid 4 employees \$31,000 in additional compensation and may have violated State law and contributed to the District's increased financial risk.
- ▶ Some District staff and Governing Board members did not comply with certain State conflict-of-interest requirements and recommended practices, increasing the risk that undisclosed substantial interests could affect their official conduct.
- ▶ District incorrectly compensated some employees and did not ensure payments for additional duties or work outside employees' contract periods were approved in advance. The District also did not comply with requirements relating to cash deposits, purchasing, and payments involving a Board member.

- ▶ District allowed users, including external users, excessive access to its accounting system and had not implemented sufficient reviews of system users' activities to reduce the risk of unauthorized access to sensitive information, data loss, errors, and fraud.

Key recommendations to the District

- ▶ Ensure that any modification to employees' employment terms, such as pay or duty changes, are appropriately documented in employment agreements and approved in advance of the work being performed.
- ▶ Train employees and Board members on its conflict-of-interest requirements, processes, and disclosure forms, and implement written procedures for reviewing conflict-of-interest disclosure forms and remediating disclosed conflicts.
- ▶ Develop and implement policies and/or procedures and train staff to ensure employees are paid accurately, cash deposits are timely, and purchases have evidence of receipt and billings are accurate prior to payment.
- ▶ Comply with State law by immediately discontinuing the practice of hiring and/or compensating any current Board member for any position.

Key recommendation to the Board

- ▶ Determine whether the District had the legal authority to pay the 4 employees \$31,000 in additional compensation and take action based on its determination.