

**BOARD OF EDUCATION
Special Meeting on Ice Rink
Minutes – October 4, 2004**

Meeting called to Order at 5:35 pm by Committee Vice- Chairman M. Toni Paine
Pledge to the Flag

Members Present: Krista Pickering, Howard Horvath Raymond Collins,
Paul Messina, George Monahan, Robert Guthrie,
Chairman Carrano - arrived 5:45
Anne Hefferman - arrived 6:25

Administrators Present: Superintendent Paul Tortora
Assistant Neil Cavallaro

Vice- Chairman M. Toni Paine turned meeting over to Superintendent Superintendent Tortora, Garth has prepared a spreadsheet on the Rink, but before we get to that. I did ask Edward Swinkoski and Mike Spadaro they are here from Levitsky & Berney our accounting firm, they were here last year. They do all our routine Audits and of course anytime we have a special concern. In essence what happen was John Clifford was helping out getting the Rink back together with Harry Conlan in the absence of the Rink Director. He had a little situation, the situation in essence was that he was there one night and the group that was using the facility came up and gave him an envelope with cash for using the Rink, and in essence the envelope went into a drawer. The acting Rink Manager and John did not know the process yet, so John did researched it a little bit and could not find any specific deposits for this group. So John contacted this group and found that they have been at the Rink year after year on a regular basis. They also had submitted other cash envelopes on a regular basis. So he brought that information to me along with other information. We were having a very hard time, as you know the Board was interested in trying to get the books finalized. We have not approved the budget as of this point. John worked very hard with Garth and Harry to try and get the books together and had a lot of trouble in all honesty trying to get the revenue side together at that particular point. We certainly felt justified as we sometimes do, to contact the auditing firm and do a special audit. So with that said it brings you up to where we are right now. Ed and Michael did conduct an audit and John is also here, if you have any questions regarding his concerns. Now I will have Ed and Mike come to the table, the report is only one or two pages.

(Attachment)

Superintendent Tortora, I would like to now turn this over to Mike as you can see they have tried to address Johns' concerns. What we were actually concerned were discrepancies in records and inconsistencies in previous years.

Hi, my name is Ed Swinkoski this was not an audit it was more of a review.

Mr. Horvath asked if the results proved what we had thought.

Superintendent Tortora said we had done a routine audit in every division. Garth does the spreadsheet every year; very seldom do we find discrepancies from year to year.

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Sometimes some minor adjustments but never major adjustments. We did conduct an audit, an audit is not going to show that the money is deposited somewhere else. It is either deposited or it is not, an audit verifies quantity of when you deposit and what reconciled with our bank statements. We did not feel at this point the audit was going to change anything. You will find the large discrepancies when Garth shows you the spreadsheet.

Ed Swinkoski, if you look at our letter basically what we tried to do. Is agreed upon procedures, items 1 through 4 – July 1, 2002- through January 31, 2004

1. Compare cash collected per available daily sheets to cash deposited in Board of Education bank account.
2. If possible, compare weekly or monthly cash collections for the period under review as compared to the same period a year earlier.
3. Interview personnel and other individuals as deemed necessary to determine if funds were being collected and not turned over to the Board of Education.
4. Other procedures we deem necessary to determine if discrepancies exist in the amount of cash collected at the Bennett Rink as compared to the amount of cash deposited in the Board of Education checking account during the period of July 1, 2002 through January 31, 2004.

To make a long story short, there were discrepancies in all the areas we looked at we can't really quantify it because the information available is always incomplete. We can't pin point an exact dollar amount. There just isn't enough information. If you look at the bottom of page 1,

1. There appears to be numerous discrepancies in the cash receipts records later we did find that the \$ 416.00 dollars deposited was rental for the concession stand, by contract.

Superintendent Tortora said he wants everyone to realize this goes back to 2002.

Paul Messina, I need to ask being a business owner, looking at your findings of discrepancies, first I have to deal with the state and everyone else. Basically what this is coming down to is, this was not being recorded properly. Records were not kept and recorded properly.

Ed, They had a lot of paid events at the Rink on one night, without a calendar or attendance number, we cannot quantify an amount of money.

Mr. Horvath, there is no money

Ed, no there was money but everything is lumped together, you can't trace where it came from.

Mr. Monahan, where you have a variable like food or the amount of the use of a vending machine was used, so it is hard. But in the case of a rental or usage agreement over the course of the year or years, your point the cash was lumped into one deposit.

Ed, one deposit could not be traced to any one event.

Mr. Monahan, so you cannot say which is which.

Superintendent Tortora, what brought the pieces together was the envelope of cash given to John Clifford. The month revenue seemed shorter then what we knew it should be.

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Mr. Messina, it is incredible that this has gone on not just one year but more. From the best that you can tell what was coming in from revenue is that what the deposits were. from the records you can tell, did the deposit match that amount?

Ed, It hard to say, because with ever piece, there was another piece missing.

The bigger events have contracts, but the smaller one,

Mr. Messina, like the guys who play on Friday night who pay cash, we have no idea.

In the early years they rented \$25.00 and the Board never had to put money back into the rink. Something is not right.

Superintendent Tortora reminds the board we have gone through cash management thoroughly. Garth will hand out copy of policy, maybe 4 or 5 years we did put in a cash management policy. We don't pay personal cash, etc. We did see some improvement. Garth and I met to make sure cash management was being followed.

Mr. Horvath, what can we do?

Superintendent Tortora, we discussed it with our legal firm. Normally if we have cash missing, we turn it over to the police for investigations. I don't see how we can investigate any more. If there is \$100.00 missing we call the police.

Mr. Horvath, are we clear on that, can we say there is money missing.

Ed, we also talk to employees

Mr. Monahan, you had to come away with a feeling, it is either poor accounting procedures or something in proper or illegal.

Mr. Guthrie, cash management policy, when that was implemented.

Garth said he would get the date.

Mr. Guthrie is the policy followed for the high school activity account.

Superintendent Tortora, the High School activity account is an audited account.

Mr. Guthrie, then it is safe to say for the Rink the cash management policy was not followed.

Superintendent Tortora, well, I think it has been improved and followed.

Mr. Guthrie, the actual tracking of tickets and of events the cash management policy stands.

Superintendent Tortora, I think we all heard of the tickets

Mr. Guthrie, I just would like to know if the acting Director and the other gentlemen were notify of this meeting this evening.

Ms. McDonnell, Peter Dixon was sent notice by certified mail

Mr. Guthrie did either one say they could not attend tonight.

John Clifford, Harry Conlan was available for the first meeting, but had a previous commitment tonight.

Ed. I did interview one employee; he had a lot of interesting things to say.

He felt it was about 25 to 50 grand. He knowing this gentle well and running a company.

Superintendent Tortora said we could turn this over to the police or we could bring everyone in and start interviewing them ourselves, including the Rink Director.

Mr. Monahan asked for the current tenure of the acting director.

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Mr. Clifford, January 4, Mr. Conlan. He said he did not even know group was coming down on Friday nights.

Mr. Monahan if we had carried the window until June we, would have a six month period under new management to compare to. It would have given some kind of historical pattern here.

Superintendent Tortora, said we do have an idea of the revenue

Mr. Guthrie, could you go back and correlate records to date?

Mr. Monahan, How much time would it take to correlate this 6 month period? Then we could go back and compare 2003 and 2002.

Ed – without a calendar of accurate events, it is impossible. There are no variables.

Mike – there is no more we can do, too many pieces are missing.

Mr. Horvath – will the employee testify?

Ed at the time he said he would
Superintendent Tortora, the board did not approve the rink budget, they were uncomfortable with the books. John tries to put the pieces together, some files are missing, and an incident accrued

Mr. Clifford explained about being at Rink when cash was handed to him for an activity on a Friday night. That was not scheduled. They told me they having been playing on Friday night for 9 years, they pay \$150.00 in cash and give it to the gentlemen. I went to Garth he had \$6000.00 cash deposits listed. The numbers were not adding up.

Superintendent Tortora Believes it is safe to say more revenue was coming in then we can account for.

Chairman Carrano, but they cannot confirm any thing.

Superintendent Tortora, we can commission a full audit and interviews

Chairman Carrano, if pieces are missing an audit will not help

Superintendent Tortora, we don't have the capability to do this investigation.

Mr. Guthrie, Mr. Chairman this October, we have not accepted last years budget. The nine of us have a financial and legal responsibility for funding. Based on this letter I feel that the Chairman and the Superintendent should turn this over to the police for a full investigation.

Mr. Monahan, although it is not an official audit, I agree whole heartily that we have discrepancies. We need to turn this over to someone who can perform interviews from a legal standpoint and get the specific date we can act on.

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Mr. Messina, I agree with that point. But we have not approved last years budget and by the State this should have been in place. We should be done and we are not. We must move forward.

Chairman Carrano, Jan through June, even with the shut down, we can look at previous years.

Toni Paine – Garth when you did previous years you did not find anything that seemed suspicious?

Garth – we reconcile deposits with the bank statements. We don't get the calendar.

Mr. Messina – if I ran my business in the whole 16 thousand dollars I'd know some thing was wrong. We need to find away to correct this from Rink to Garth. It was great to see the newsletter with all the procedures. They need to be followed. This never should have happened at any level

Mr. Horvath – said it sounds like the procedures were not followed.

Mr. Monahan we have acting Rink Manager. It must be safe to say he is ware of the cash management policy and he will see that this is being done. Mr. Guthrie has a MOTION on the table, I would like to SECONDED the motion: Discussion:

Mr. Messina, we had discussion

Krista Pickering, I am in agreement. But I would like to know who was he accountable to?

Superintendent Tortora, we can't assume that this is all one person, but the buck stops here. He was accountable to me in my former position, the John Clifford and Garth.

Mr. Horvath – Other facilities also take in cash, sounds like we have a good policy, but it is not enforced.

Superintendent Tortora, if someone pays cash it makes it open for other things to happen.

Chairman Carrano, there is not any major wrong with the policy or procedure; it's how we do our checks and balances. If you get a schedule and then you walk in the Rink and someone is there but not scheduled, this is a flaw.

Superintendent Tortora, I don't see that as a flaw. I see that as someone crossing the line

Mr. Guthrie – Events should be sent to Mr. Sawyer, and then he should be able to correlate with deposits

Chairman Carrano, we need to have more checks and balances.

Mr. Messina the stadium came in last year and showed us all its paper work and how they do it. It's a matter of integrity and honesty of the person collecting the money. If a sheet has to be sent to Garth weekly, then that's the way it has to be.

Toni Paine, this keep popping up, retention of records should be kept on the premises. Can this be added to policy?

Ray Collins, what about the letter we received on the credit card?

Superintendent Tortora, we have no credit cards

Ray does the Board have copies of charges yet?

Superintendent Tortora, we are waiting on them

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Mr. Guthrie – for the motion the nine of us don't have any cause for addition investigation but the credit card we can certainly investigate and request details for some thing we did not create as for the interviews of employees it is out of our scope.

Garth – handed out spreadsheet

Mr. Monahan – Historically you must rely on history. You need to watch and the investigate.

Superintendent Tortora, the problem is there are no records.

Chairman Carrano – we need other checks and balances, if this team had not shown up it never would have been found.

Mr. Guthrie – Mr. Sawyer down the bottom of the spreadsheet, 2002 cash management new account was to try and get away from this petty cash process.

Superintendent Tortora, the Rink was out of compliance, so the account was set up.

Look at the first three columns, the yellow section is the revisions. 2003-2004 operating John and Harry went from 263,00 to 279,00 from the previous year of 243,00. John and Harry has a 116 thousand dollar increase

Chairman Carrano, did we pick up any new accounts? Hat changed other then management?

Mr. Clifford, we pushed public skating

Superintendent Tortora, the concession stand defaulted. We met with the person, who showed they had a lose in revenue, we asked them just to remove their equipment. So there is a lose there.

Mr. Guthrie asked Mr. Sawyer the 2002-2003 actual is based on the documentation supplied by the Rink Manager at the time. 279,00 is Mr. Clifford and the acting director. Superintendent Tortora, and that will be audited.

Chairman Carrano we have audited budgets for 2001-2002 how does that audit not catch.

Superintendent Tortora, the discrepancies are based around cash.

Chairman Carrano said he not asking for a criminal investigation.

Superintendent Tortora, It has never been a problem.

Chairman Carrano asked if there were any more questions,

MOTION passed unanimously

Toni Paine asked that the retention of records be added to policy

Chairman Carrano asked for Motion to adjourn

MOTION made by Toni Paine and Seconded by Paul Messina

Motion passed unanimously

Meeting adjourned at 6:40 P.M.