

**A Review of Herkimer–Fulton–Hamilton–  
Otsego BOCES Business Office Operations:  
Findings and Recommendations**



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## I. Introduction

Boards of Cooperative Educational Services (BOCES), much like school districts in New York State, are facing very challenging times. Enrollments in most school districts are decreasing. Significant increases in pension costs, health insurance premiums for active and retired employees, salaries, and other mandated costs are driving up the cost of operating school districts while the property tax cap significantly limits the ability to raise local tax revenues.

In response to these challenges, school districts have examined ways in which they might do business differently, including sharing services. When districts look to share services, BOCES is most often the vehicle that is used for this purpose. This is especially true where the BOCES and its component school districts have a collaborative relationship.

As a cooperative service provider, BOCES derives its revenues by having its component school districts contract to purchase programs and services. Given the challenges of today's economics, it could be advantageous for school districts to turn to their BOCES as they endeavor to meet their budget and program needs. This result would benefit both the school districts and the BOCES. The districts would be able to work with their BOCES to create high quality services with reasonable costs, and, as an added benefit, generate BOCES aid as an additional source of revenue. The BOCES would see stabilization in its service offerings and would be able to reduce unit costs because of the widespread use of its services by its component school districts.

In challenging economic times, it is imperative to maximize the efficiency and effectiveness of all areas of operation. The Herkimer–Fulton–Hamilton–Otsego (Herkimer) BOCES requested a study to examine its business office operations to determine if staff, procedures, and accounting systems were being used as effectively as possible to ensure high quality service to internal and external customers.

The questions guiding the study are:

- (1) Is the current Business Office staffing appropriate and adequate to complete the responsibilities of a BOCES business office accurately and timely?
  - What is the current business office staffing configuration?
  - What are the duties assigned to each position?
  - Are there opportunities for increased efficiency within the current staffing model?

- Are there other Business Office staffing models that would increase efficiency?
- (2) Are the current Business Office procedures effective and efficient?
- What are the current procedures?
    - o Accounting
    - o Accounts Payable
    - o Payroll
    - o Service Contract Billing
    - o Other
  - What procedures need to be developed or revised?
  - Is additional professional development for Business Office staff needed?

The Herkimer BOCES contracted with Castallo & Silky, Education Consultants, to review its business office operations and explore strategies that will provide for the highest effectiveness and efficiency. The consultant engaged in the study was Deborah Ayers. Deb has seventeen (17) years of experience as the Assistant Superintendent for Administration at Onondaga–Cortland–Madison BOCES in Syracuse, NY providing support to BOCES and school districts, both suburban and rural. She also served as the school business official in two districts for a combined total of 16 years prior to her time at BOCES. She has been an education consultant with Castallo & Silky, LLC for over six (6) years and has worked on a variety of merger, facilities, and efficiency studies.

## **II. Review Process**

There were three main components of the review process including interviews, a review of Business Office staffing and duties assignments in other BOCES, and a review of Herkimer BOCES related documents and materials.

1. **Interviews.** Individual interviews were held with the following Herkimer BOCES business office and district office staff including:
  - District Superintendent – D. J. Shepardson
  - Business Manager – Stephen Coupe
  - Accountant – Roxanne Gillen

- Accountant – Brian Stever
- Senior Account Clerk – Bethann Hammer
- Senior Account Clerk – Tina Jacopelle
- Senior Account Clerk – Beth VanAntwerp
- Account Clerk – Alyssa Brauer
- Account Clerk – Sheila LaFountain
- Account Clerk – Joanne Lidano
- Account Clerk – Cindy Smith

<b>TABLE 1</b>
<b>INTERVIEW QUESTIONS</b>
1) How long have you worked at BOCES and in what position(s)? What are your work experiences prior to joining Herkimer BOCES?
2) Describe all your current responsibilities relating to Business Office operations.
3) Are there current procedures that you believe could be improved or that you find challenging?
4) General comments/observations you would like to share relating to the Herkimer BOCES business operations.

2. **Survey of Business Office Staffing in other BOCES.** Several other BOCES in the upstate New York area offering a scope of services similar to Herkimer BOCES were examined.
  
3. **Documents and Materials Reviewed.** The consultant reviewed a series of documents and materials during the study. These included:
  - Current organizational chart
  - Listing of all business office staff
  - Job descriptions and starting dates for Business Office staff
  - Current and past financial reports
  - Current and past audit reports (external, Office of the State Comptroller)
  - BOCES policies and procedures

### **III. Background**

The Herkimer–Fulton–Hamilton–Otsego (Herkimer) BOCES is one of 37 BOCES

across New York State serving 10 districts (Central Valley, Dolgeville, Frankfort–Schuyler, Herkimer, Little Falls, Mount Markham, Owen D. Young, Poland, Richfield Springs, West Canada Valley) in the Mohawk Valley region. The districts range in size from 162 students in Owen D. Young to 2072 students in Central Valley. Table 2 lists the 2023–24 enrollment for all component districts.

TABLE 2 COMPONENT DISTRICT ENROLLMENT	
District	2023–24
Central Valley	2072
Dolgeville	794
Frankfort–Schuyler	862
Herkimer	1086
Little Falls	1071
Mount Markham	1055
Owen D. Young	162
Poland	505
Richfield Springs	435
West Canada Valley	642

External (independent) audit reports for fiscal years ending 2019, 2020, 2021, 2022, and 2023 were examined as part of this study. BOCES received an unqualified opinion in each of those years, however, there were several comments noted in multiple years. These include: BOCES books were not ready for audit, Due To/Due From accounts were not balanced, cash accounts were not reconciled to books, and the Special Aid fund had a deficit balance. The BOCES audit response in each year indicated that efforts were underway to address each of the comments.

The audit report from the Office of the State Comptroller released December 2020 was also reviewed. The focus of the Comptroller’s audit was on Information Technology. This area does not fall within the responsibilities of the BOCES business office so no further discussion is provided in this report.

**IV. Description of Current Business Office Operations**

It is important to understand the current business office staffing alignment before identifying areas for possible improvements in efficiency and effectiveness.

Business Office Staffing: The BOCES Business Manager oversees all business office operations. The business office staffing consists of nine positions: Accountant (2 positions), Senior Account Clerk (3 positions), and Account Clerk (4 positions). While not an exhaustive list, an overview of the current duties of each position follows.

Accountant – RG

- Appointed as Treasurer
- Cash handling for all funds
- Issuance of all district checks
- Accounts receivable
- Journal entries
- Sales tax reporting
- Federal and State grant financial reporting
- Budget adjustments
- Order office supplies
- Preparation for annual external audit

Accountant – BS

- Appointed as Deputy Treasurer
- Bank reconciliations for all funds
- Journal entries for School Lunch and Special Aid funds
- Pre-audit of accounts payable payment packet
- Extracurricular Classroom Account treasurer's report
- Coordination of BOCES employee accident reports for Workers' Compensation consortium
- Backup for payroll processing

Senior Account Clerk – BH

- All Employee and Retiree Benefit administration
  - o Health, dental, and vision insurance
- Health Insurance Consortium recordkeeping
- Dependent verification
- Annual recertification for employee health insurance buyout

#### Senior Account Clerk – TJ

- BOCES contract billing
- Payroll for a component district
- Arts–In–Education recordkeeping

#### Senior Account Clerk – BV

- BOCES payroll
- Verify information from Human Resources for new employees
- Verify calculations for staff that separate service, insurance buyouts

#### Account Clerk – AB

- STAC reporting for BOCES students
- Maintain spreadsheet to track all leases
- Administrative support for business manager when needed
- Maintain information for Pre–Kindergarten NYSED forms
- Support for accounts payable process as needed

#### Account Clerk – SL

- Open business office mail
- Enter purchase requisitions
- Convert purchase requisitions to purchase orders after approvals
- Print purchase orders and distribute/mail as appropriate
- Distribute purchase order copies as appropriate (vendor, accounts payable, ordering department)
- Fixed Asset inventory reporting
- Greet all business office visitors

#### Account Clerk – JL

- Medicaid billing service for component districts
- Bank reconciliations in nVision for one component district



- Create invoices to Herkimer for Pre-Kindergarten services provided by BOCES

Account Clerk - CS

- Accounts payable for BOCES and one component district
- Create new vendor files in WinCap
- Create invoices for non-contract services provided to districts
- Medicare reimbursement payments

It should be noted that six of the nine business office staff members have been employed in their current position for less than four years. The business manager began his employment with BOCES in August 2020 so he, too, was new during the same time period. Staff turnover such as the business office experienced during the past four years sets the stage for potential gaps in workflow efficiency as new staff members learn their responsibilities, receive training (to whatever degree available), and begin to understand how their work product fits within the overall business office operation. Additionally, implementation of new procedures and enhanced financial software functionality has been delayed at Herkimer BOCES as new staff learn their job duties.

Although not part of the Business Office team, the staff member in the Human Resources department has frequent interaction with business office staff responsible for employee benefits and payroll. Additionally, she is currently appointed as the claims auditor for Herkimer BOCES. The governing board for each school district and BOCES in New York State is responsible for the audit of claims prior to the issuance of payment. Given the time-sensitive nature of payments and the level of detail and scrutiny required for appropriate review of claims, most governing boards will appoint a claims auditor, who reports directly to the board, to fulfill the claims auditing responsibilities.

The duties for this position are described below.

#### Human Resources support

- Regional Certification Officer
- Claims Auditor
- Clerical support for Human Resources office

### **V. Findings and Recommendations**

BOCES are faced with the challenge of providing quality instructional, instructional support, and management services to districts in this time of limited public resources. BOCES leaders understand that BOCES services must be of high quality and cost-effective for districts to choose to purchase them. Additionally, BOCES must comply with state and federal laws and regulations while safeguarding public assets entrusted to it.

Effective business office procedures are essential to strong fiscal operations. Each position within the business office must have clearly defined duties and areas of responsibility, many of which intersect, to effectively complete necessary tasks and ensure an appropriate level of internal controls. The Office of the State Comptroller defines internal controls as “activities (safeguards) that are in place to provide reasonable assurance that district officials are safeguarding district assets and making more efficient and effective use of these assets.” Each employee should have a clear understanding of the job expectations and be willing and able to perform those duties. Periodic performance reviews are a critical part of this process. The performance review meeting provides the opportunity for the manager to meet with the employee to provide feedback on the work product, but, equally important is the opportunity the review provides for the employee to share thoughts and concerns and identify areas in which additional support from management may be needed.

#### **Finding:**

Business Office staffing size is appropriate. Duties/areas of responsibility and performance expectations for each business office position are not clearly defined nor consistently reviewed.

#### **Recommendations:**

1. Develop a statement of duties/local job description for each position.

2. Complete performance reviews each year without exception. Include the establishment of employee goals and performance expectations for the upcoming year as part of this process. As part of this process, employees also have the opportunity to identify challenges faced or areas in which they may need additional support.
3. Clarify personnel responsible for State and Federal grant program financial forms (FS-10, FS-10A, FS-25, FS-10F).
4. Designate one person to be responsible for creation of new vendors within WinCap. This person will also be responsible for ensuring that BOCES has a W-9 form on file and that the vendor is properly coded within WinCap to facilitate accurate and timely issuance of 1099 forms at calendar year end.
5. Develop a plan for cross-training to provide back-up in each operational area within the business office.

Every school district and BOCES in New York State is required to have an annual external (independent) audit of its financial records. Once the fiscal year ends on June 30, the audit team will establish a schedule for the audit work and request documents from the district/BOCES. To complete the required work, all the financial records and bank accounts must be reconciled and balanced for the audit year. The audit workflow is impeded if this year-end process is incomplete at the time of the audit field work and will usually result in a comment in the final audit report. Additionally, the treasurer is required to report to the Board monthly on the status of all BOCES funds. The report must include cash balance at the beginning of the month, receipts and disbursements throughout the month, cash balance at the end of the month, and reconciliation with monthly bank statements.

As previously stated, the annual external audit reports for the past five years and Board meeting agendas for the past year were reviewed for this study. While eventually presented to the Board, the monthly treasurer's reports were not always submitted within the typical 30-60 day window following month end. This impedes the Board's ability to fulfill its statutory responsibility of timely fiscal oversight. The external auditors commented in multiple years that the BOCES books were not ready for audit, the due to/due from accounts were not balanced, and the cash accounts were not reconciled to the BOCES books.

**Finding:**

Account reconciliations are not completed timely resulting in delays that manifest in ways such as lack of readiness for the external audit review and Treasurer's Reports that are not presented in a timely manner.

**Recommendations:**

6. Complete monthly reconciliation of all general ledger accounts including cash, receivables, and due to/due from accounts. Monthly reconciliation of accounts should better prepare the Treasurer to complete the year-end closing procedures timely to ensure readiness for external audit field work thus eliminating the audit comment re: BOCES lack of preparation for the audit.
7. Establish the expectation that the Treasurer will submit mandated monthly reports to the Board of Education no less than 60 days from monthly bank closing date. For example, the January treasurer's report should be presented no later than the March Board of Education meeting.
8. Realign duties so that the Treasurer has sole responsibility for completion of all monthly cash reports.
9. Actively monitor status of accounts receivable to ensure timely payment to BOCES and identify/address outstanding issues.
10. Remove non-accounting responsibilities such as ordering of office supplies and maintenance of worker's compensation accident reports from Accountants.
11. Provide ongoing professional development opportunities for Treasurer and Deputy Treasurer. ASBO New York offers both remote and in-person professional development opportunities specific to the treasurer position.

WinCap, a product in the Harris School Solutions portfolio, is a financial management system used by all BOCES in New York State. It is a multifaceted software product that integrates accounting, budgeting, payroll, human resources, and employee attendance functions. WinCap is particularly valuable to BOCES because it was originally developed over 30 years ago to provide a platform with which BOCES could track and bill for contract services provided to school districts – the only one of

its kind at that time and the only one developed specifically for BOCES. WinCap also developed a web-based product, WinCapWeb, that allows employees and district administrative staff to access the WinCap functions from any remote location with internet access.

Over time, WinCap has continued to expand its software functionality to meet the needs identified by its users resulting in increased efficiency and more effective use of business office staff time.

A variety of factors at Herkimer BOCES have converged over the past decade to impede the implementation of improvements to the WinCap software. 70% of the BOCES business office staff members have been employed for less than four years. Learning the duties and responsibilities of the position is the primary focus for a new employee. If any training is provided, it is usually predicated on the way tasks have been done in the past. The financial software is utilized to the extent necessary to simply get the job done. Thinking about what new software features are available and how they could be used to improve accuracy and reduce work time is well down a new employee's priority list.

While implementing new WinCap functionality will save time in the long run, it initially takes increased staff and management time to develop the implementation plan, adjust the current accounting system codes and structure if needed, and train employees. WinCap has made enhancements to its original product over the past several decades. BOCES business leaders may have had the best intentions about implementing new features as WinCap rolled them out, but the day-to-day work consumed most available time and energy so many new WinCap functions were not moved forward. That said, in the last several years, BOCES has been more proactive in utilizing the power and efficiency of WinCap where need was greatest and employees embraced the opportunity to use the software. These include LPN student billing, retiree health insurance/Medicare transactions, and employee benefits.

In every situation, some employees will be more adaptable to change than others. Some employees are more comfortable and confident with technology than others. It is always challenging to try to move all staff forward at the same pace which can be a complicating factor when trying to make any systemic change.

Lastly, the 'if it's not broke, don't fix it' mentality often comes into play. All the necessary accounting functions were being completed. Districts were being billed for

services. Vendors were being paid. Employees were being paid. So why change? What goes unseen are the manual tasks outside of WinCap that require additional time, such as separate spreadsheets or manual ledgers, for staff to successfully complete the task. Tasks that could be done more efficiently, and perhaps more accurately, through the implementation of new WinCap features.

New WinCap functions often build upon prior software upgrades. If BOCES has not kept pace with implementation of each upgrade, it is increasingly more difficult to 'catch up' at some later date. At this point, BOCES should identify several specific tasks to address and make implementation a priority – no exceptions. It is important to just start. Once one new feature is in place, others should follow more easily.

**Finding:**

Efficiency of Business Office operations could be improved through further implementation of financial software (WinCap) functionality.

**Recommendations:**

12. Fully implement and require 'distributed requisition entry' in WinCap for all program offices.

- All purchase requisitions should be entered in the program offices with electronic approvals by program administrators in WinCap. Note: It is critical that the requisition approval hierarchy is correctly established when the system is implemented.
- All back-up documentation for quotations or bids must be electronically attached to the purchase requisition.
- If the back-up documentation is not electronically attached, the first approver should 'reject' the requisition back to the originator for completion.
- Once the electronic requisition has been routed through the necessary series of approvals, the business office clerk will convert the purchase requisitions to printed purchase orders and distribute copies.
- Eliminate 'blue forms'.

13. Use WinCapWeb for all employee leave requests in all programs.
  - All employees must have a WinCapWeb account.
  - Ensure that the employee leave request approval hierarchy is correctly established when the system is implemented.
14. Fully implement WinCapWeb BOCES Services module so that component district administrators (typically school business officials) can enter Initial and Final BOCES Request data online. This process will significantly reduce paperwork and the BOCES business office staff time required for data entry of current hard copy service requests.
15. Implement Actual Usage Contract Maintenance functionality in WinCap.
  - Mass Update Actual Usage option allows staff to efficiently update multiple services and contracts in a single grid. This option drastically reduces time required by business office staff to update cross-contract services provided by another BOCES and billed to component districts.
  - Use of 'billing import files' reduces time for BOCES clerk when billing districts for services that are used as needed throughout the year.
    - o Program office staff enters all billing details in an Excel spreadsheet monthly and electronically submits to business office to be imported into WinCap for monthly district billing.
    - o Eliminates need for scanning and attaching documents since details are provided in spreadsheet and document on billing to district.
    - o Initial Contract value can remain in place (no need to zero out) and BOCES can monitor usage against Final Service Request amount to determine if/when an adjustment to services contract is needed.
16. Continue implementation of electronic funds transfer (EFT) for billing to and payment of retirees for health insurance benefits. Electronic funds transactions should be mandated for all future retirees.

17. Eliminate off-contract invoicing to districts for non-aidable services provided by BOCES. Per NYSED guidelines, all BOCES services should be billed on contract with non-aidable services identified as such using a designed system of WinCap service and sub-service coding to delineate non-aidable services as appropriate.

One-on-one interviews were conducted with each member of the business office team. A desire to produce a quality work product was consistently evident with each employee. Some expressed concerns that the absence of communication between business office staff members has, on occasion, resulted in some tasks not being completed and/or additional work being required to fix problems that could have been avoided. Additionally, some indicated that improved communication between the business office and program offices would provide for more timely, accurate, and efficient completion of necessary tasks.

**Finding:**

Business office efficiency is adversely impacted by gaps in communication between the business office and program offices and within the business office.

**Recommendations:**

18. Ensure that all business office forms are readily available to all employees in a dedicated business office area on the BOCES website. Some examples developed by other BOCES can be found at the links below:

<https://www.ocmboces.org/teacherpage.cfm?teacher=457>

<https://www.citiboces.org/domain/100>

[https://www.moboces.org/for\\_staff/forms\\_policies](https://www.moboces.org/for_staff/forms_policies)

As new WinCap/WinCapWeb procedures are implemented, this section of the website is an excellent place to house training notes so that staff can refer to them when needed.

19. Consider holding monthly or quarterly business office staff meetings to facilitate communication with and among all business office staff members. These meetings will provide a forum to share information with all staff



members simultaneously and will develop a culture of collaboration among staff. Problem-solving opportunities will increase when all office stakeholders are present. An agenda and specified meeting length should be identified.

It could be argued that staffing may be the most important part of any business. The end product or service is only as good as the people on the team. Public school districts and BOCES are no different. Hiring and retaining qualified employees is critical to the success and efficient operation of the organization. It has become increasingly difficult to find employees with the desired skill set. As new employees are hired, ongoing training and professional development from skilled providers are critical to success.

The Herkimer BOCES business office has experienced a significant amount of staffing change over the past four years. Looking forward, it is reasonable to assume that current employees may begin to consider retirement as they approach the age of retirement eligibility. Now is the time, during a period of relative staffing stability, to consider current and long-range staffing. To paraphrase Jim Collins in *Good to Great*, does BOCES have the right people on the bus, the right people in the right seats on the bus, and the wrong people off the bus? Once this task has been considered, it is important to examine a succession plan as current staff approach retirement eligibility. This examination should include consideration of alternate staffing configurations in addition to the current model. The time invested in this process over the next several years will pay dividends in the future.

**Finding:**

Six of nine business office staff members plus the business manager have been in their current positions less than four years. Many current staff members will be eligible to retire within the next 5-7 years.

## Recommendations:

20. Use the current period of relative staffing stability to implement desired changes to improve business office operational efficiency.
  - Establishment of job responsibilities for each position
  - Implementation of expanded WinCap functionality
21. Provide professional development in specific job areas (payroll, accounting, accounts payable, etc.) as needed through ASBO New York programs, mentoring with experienced professionals, and/or outside contractors with specific expertise.
22. Provide professional development to business office staff in WinCap/WinCapWeb as needed with particular focus on newly implemented modules. WinCap support personnel are available for remote or in-person training. Professional development will also be needed for other BOCES employees on expanded use of WinCap/WinCapWeb.
23. Develop a plan for cross-training of business office staff to provide in-house back-up for all positions. Any modifications to position job duties should occur prior to developing a cross-training plan.
24. Identify a BOCES employee with the knowledge, skill set, and aptitude to be trained as the internal support person for WinCap/WinCapWeb operations to provide more immediate and hands-on support for all BOCES employees in the use of WinCap.
25. Develop a transition plan to ensure a smooth transition as current staff members approach retirement. It is important to examine all possible staffing configurations, including management positions, as part of this process.
  - Assess strengths and weaknesses of current BOCES business office staffing configuration.
  - Examine business office staffing structure of other BOCES of similar size across New York State.
  - Consider candidate strengths in relationship to maximization of business office operational efficiency when hiring to fill position vacancies.

## **VI. Conclusion**

These are very challenging times in education in New York State. As districts plan for the future with declining student enrollments and limited financial resources, our school leaders are faced with challenging decisions. BOCES plays a significant role in the instructional, instructional support, and management services that districts can provide to its students and staff. BOCES services must be of high quality and cost effective. If BOCES services are not cost effective, districts may choose not to purchase them.

The Herkimer BOCES requested this study to review the business office operations and staffing levels. The study findings illustrate that the business operations are conducted in a fiscally responsible manner. There are, however, opportunities for improvement to processes and procedures. Business office staff understand the importance of their work as it relates to the overall operation of BOCES and have a clear sense of responsibility to the organization.

The leadership team at BOCES is to be congratulated for their efforts in establishing a culture of continuous improvement within the organization and, specifically, the business office. It is in this spirit that the recommendations in this study are offered for consideration.

An efficient and effective business office operation will maximize the funds that are available to provide efficient and effective services for districts and ensure that the assets of the BOCES are secure.