

To: Bill Cole
Budget Committee Chairman

From: Peggy Huard

Date: April 18, 2022

RE: SAU 81 April Financial Statements- Expenditure Report

Please find below, just one of many questions and concerns I have relating to the Expenditure Report for April included with the Agenda for the 4/18/22 School Board Meeting.

Please find Hudson School District Policy DBJ, Transfer of Appropriations, attached.

The April Expenditure report **already** shows a number of line items significantly overspent (Over \$5,000), without any official transfers made, simply leaving a large negative balance to offset any unexpended balance on other line items. This is a historical practice. These large negative balances have no formal transfer request. This overspending appears to be occurring without the approval and knowledge of the school board (and other additional approval). Since this pattern/procedure STILL moves the amount appropriated from one line item to another, it is, in my opinion, an improperly authorized transfer of appropriations.

LARGEST EXAMPLES- Non Salary and Benefits (Exceeding \$4,000 over budget):

- 10002620321 SNOW REMOVAL-\$52,950 (A) (Contract awarded-new vendor)
- 10002620330 ARAMARK-\$86,280 (*)
- 10012311321 School Board Contracted Services-\$11,228 (A)
- 10812320321 Superintendent Contracted Service-\$4,900 (*)
- 10001100321 AESOP (Substitute Calling System)-\$4,224.29 (A)
- 10812520330 Finance Dept Contracted Serrvices-\$4,016.25 (*)
- 10241200440 Special Ed Rent/Lease-HMS-\$11,787.47 (A)
- 10001200569 Tuition-Special Ed-\$61,348.71 (A)
- 10351100734 Additional Equip-AHS-School Wide-\$5,890.50 (A)

(*) NO budget in FY 2021/2022.

(A) ADDITIONAL EXPENDITURE

While these expenditures may or may not have been needed, this practice eliminates/circumvents the formal transfer request policy requirement, thus eliminating the direct school board approval (as well as others approval). The appropriations that the taxpayers have approved are not being monitored and approved (safeguarded) sufficiently. I see this as an enormous internal control deficiency, their auditors have never noted or recommended any action on.

What authority and/or duty does the budget committee have to require/recommend that the policy be adhered to correctly and/or internal controls over annual appropriations be strengthened? I appreciate anything you can do to address this matter as a Budget Committee.