



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

TO: The Honorable the Members of the Board of Regents
Subcommittee on Audits/Budget and Finance

FROM: Valerie Grey

SUBJECT: Board of Regents Oversight – Financial Accountability

DATE: August 26, 2010

STRATEGIC GOAL: Goal 5

AUTHORIZATION(S):

SUMMARY

Issues for Discussion

The following topics will be discussed with the Members of the Subcommittee on Audits/Budget and Finance:

1. State District Fiscal Accountability (Attachment I)
2. Completed Audits – Including a Summary of Key Audits (Attachment II)

Reason(s) for Consideration

Update on Activities

Proposed Handling

Discussion and Guidance

Procedural History

The information is provided to assist the Subcommittee in carrying out its oversight responsibilities.

Background Information

1. State District Fiscal Accountability
Staff will lead a discussion of proposals to identify school districts in serious need of improving their financial operation. (Attachment I)
2. Completed Audits
The Subcommittee is being presented with 27 audits this month. A summary of key audits is attached. (Attachment II)

Audits are provided as follows:

Office of Audit Services

Brentwood Union Free School District ARRA
Connetquot Central School District ARRA
New York State Education Department Control of Fleet Vehicle Usage
Saratoga Springs City School District ARRA
Syracuse City School District ARRA

Office of the State Comptroller

Capital Region BOCES
College of New Rochelle TAP Audit
East Williston Union Free School District
Erie I BOCES
Hunter College TAP Audit
Integrated Treatment Services, Inc.
Laurens Central School District
Madison-Oneida BOCES
Middletown (Enlarged) City School District
Nassau BOCES
New York City Department of Education John F. Kennedy Educational Campus:
Management of General School Funds
New York City Department of Education John F. Kennedy High School:
Management of General School Funds
New York State Education Department Criminal History Background Checks for
School Employees Follow-up Report
New York State Education Department Toll-Free Service
New York State Education Department Rainbow Rhymes Learning Center
Port Jervis City School District

Rockland BOCES
Roosevelt Union Free School District
Three Village Central School District
Western Suffolk BOCES
Yonkers City School District

New York City Office of the Comptroller

Provision of Vision Screening Services to Elementary School Students in New York City Charter Schools

Recommendation

For item one (State District Fiscal Accountability) the guidance of the Subcommittee is sought and for item three (Completed Audits) no further action is recommended.

Timetable for Implementation

N/A

The following materials are attached:

- Roadmap
- Three-Year Analysis of School District Fiscal Condition (Attachment I)
- Review of Audits Presented – A Summary of Key Audits (Attachment II)
- Summary of Audit Findings (Attachment III)
- Audit Report Abstracts (Attachment IV)

| <p style="text-align: center;">REGENTS SUBCOMMITTEE ON AUDITS/BUDGET AND FINANCE MEETING ROADMAP</p> | <p>Date: September 2010 Time: TBD Location: TBD</p> | | |
|---|--|--------------------------------------|---------|
| TOPIC | OUTCOME | WHO | MINUTES |
| Opening Remarks | | Chair | 3 |
| Review Agenda | Information | Conway | 2 |
| State District Fiscal Accountability (Attachment I) | Discussion | Department Staff | 20 |
| Completed Audits – Including a Summary of Key Audits (Attachment II), Summary of Audit Findings (Attachment III), and Audit Report Abstracts (Attachment IV) | Questions answered | Department and OSC Audit Staff | 20 |

**Regents Subcommittee on Audits/Budget and Finance
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Three-year Analysis of School District Fiscal Condition
July 1, 2006 to June 30, 2009**

| | |
|--|------------|
| Total Districts Financial Statements Analyzed | 690 |
| Neither Stress or Concern in Any Year | 652 |
| Stress or Concern in One Year | 20 |
| Stress or Concern in Two Years | 14 |
| Stress or Concern all Three Years | 4 |

Stress is defined as those districts with:

- Negative total fund balance in the general fund.
- Negative unreserved, undesignated fund balance in the general fund and the total fund balance in the general fund is less than 2 percent of the adopted budget.

Concern is defined as those districts with:

- Total fund balance in the general fund is less than 2 percent of the adopted budget.
- The net three year operating deficit is less than negative 6 percent of the adopted budget and the total fund balance in the general fund is less than 5 percent of the adopted budget.
- The current ratio in the general fund is less than or equal to 1.25 to 1 and the total fund balance in the general fund is less than 5 percent of the adopted budget.

**Regents Subcommittee on Audits/Budget and Finance
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Review of Audits Presented**

Newly Presented Audits

We reviewed the 27 audits that are being presented to the Subcommittee this month. Twenty-one of the audits were issued by the Office of the State Comptroller (OSC), five were issued by the Office of Audit Services (OAS), and one was issued by the New York City Office of the Comptroller. Eleven of the audits were of school districts, three were of the Department processes, six were of BOCES, two were of the Tuition Assistance Program, two were of providers of after school and preschool special education services, and three of New York City school programs.

The findings were in the areas of budgeting, procurement, payroll, extraclassroom activity fund, fingerprinting, claims processing, financial reporting, information technology, segregation of duties, and others such as telecommunication, inventory controls and the Tuition Assistance Program.

The Department has issued letters to the school districts and BOCES, reminding them of the requirement to submit corrective action plans to the Department and OSC within 90-days of their receipt of the audit report.

We have identified three audits areas for highlighting at this meeting.

- **School District ARRA Audits (Brentwood, Connetquot, Saratoga Springs and Syracuse)**

Summary of Audits

OAS issued four additional audits of school districts' use of ARRA funds and compliance with certain federal requirements. In the four districts we found that expenditures were generally consistent with approved budgets, and there were some minor errors in the reporting of jobs saved. We also found three of the four districts did not have a process for ensuring compliance with federal cash management requirements. However, our testing found that the districts were not earning interest at a level that would require remittance of funds.

Follow up

OAS will follow up on implementaion of recommendations.

- **BOCES Transparency and Appropriateness of Reserve Funds (Capital Region, Erie I, Madison-Oneida, Nassau, Rockland, Western Suffolk)**

Summary of Audits

OSC conducted a series of audits of the use of reserve funds at BOCES. The audits found that BOCES are reserving funds without clearly reporting to their component and participating districts. Further, the audits found that BOCES are reserving millions of dollars in excessive fund balances, some of which are used inappropriately or maintained in reserves not allowed by law.

Follow up

The audit will be reviewed by the Office of Education Management Services to determine the impact of proposed legislation and consider other possible actions. Corrective action plans will be reviewed to assess compliance with recommendations.

- **State Education Department - Control of Fleet Vehicle Usage**

No one has the responsibility for maintaining a vehicle inventory and there is no comprehensive vehicle inventory listing for all Department fleet vehicles. The Department also issued three standard fleet management forms for uniform record keeping. The use of the forms, however, is not enforced, and the Policy was not revised to mention the availability of such forms. It was also found that certain Department officials had exclusive use of vehicles without approval required by the Policy. Employees also did not report personal mileage when they should have. Further, certain controls were not properly implemented to promote accountability, security and appropriate vehicle use

Follow up

OAS will follow up on implementation of the recommendations.

September 2010 Regents Audits/Budget and Finance Subcommittee Meeting Summary of Audit Findings

| Audit | Procurement | Capital Assets | Claims Processing | Payroll | Cash | Financial Reporting | Information Technology | Extraclassroom Activity Fund | Segregation of Duties | Budgeting | Fingerprinting | Other |
|---|-------------|----------------|-------------------|---------|------|---------------------|------------------------|------------------------------|-----------------------|-----------|----------------|-------|
| Office of Audit Services | | | | | | | | | | | | |
| * Brentwood Union Free School District (footnote 1) | | | | | | | | | | | | √ |
| * Connetquot Central School District (footnote 1) | | | | | | | | | | | | √ |
| * New York State Education Department - Control of Fleet Vehicle Usage For the Period April 1, 2007 through September 30, 2008 (footnote 3) | √ | | | | | | | | | | | √ |
| * Saratoga Springs City School District (footnote 1) | | | | | | | | | | | | √ |
| * Syracuse City School District (footnote 1) | | | | | | | | | | | | √ |
| Office of the State Comptroller | | | | | | | | | | | | |
| Capital Region BOCES | | | | | | √ | | | | | | |
| * College of New Rochelle (footnote 2) | | | | | | | | | | | | √ |
| East Williston Union Free School District | √ | | | | | | √ | | | | | |
| Erie 1 BOCES | | | | | | | √ | | | | | |
| * Hunter College (footnote 2) | | | | | | | | | | | | √ |
| Integrated Treatment Services, Inc.- Compliance with the Reimbursable Cost Manual | √ | | | √ | | √ | | | | | | |
| ** Laurens Central School District | | | | | | | | | | | | |
| Madison-Oneida BOCES | | | | | | √ | | | | | | |
| Middletown (Enlarged) City School District | √ | | | | | | | | | | | |
| Nassau BOCES | | | | | | √ | | | | | | |
| New York City Department of Education – John F. Kennedy Educational Campus: Management of General School Funds | | | | | | | | √ | | | | |
| New York City Department of Education – John F. Kennedy High School: Management of General School Funds | | | | | | | | √ | | | | |

**September 2010 Regents Audits/Budget and Finance Subcommittee Meeting
Summary of Audit Findings**

| Audit | Procurement | Capital Assets | Claims Processing | Payroll | Cash | Financial Reporting | Information Technology | Extraclassroom Activity Fund | Segregation of Duties | Budgeting | Fingerprinting | Other |
|--|-------------|----------------|-------------------|----------|----------|---------------------|------------------------|------------------------------|-----------------------|-----------|----------------|----------|
| New York State Education Department - Criminal History Background Checks for School Employees Follow-up Report | | | | | | | | | | | √ | |
| New York State Education Department - Rainbow Rhymes Learning Center | | | √ | | | | | | | | | |
| New York State Education Department - Toll-Free Service | √ | | | | | | | | | | | |
| Port Jervis City School District | | | | √ | | √ | | | √ | | | |
| Rockland BOCES | | | | | | √ | | | | | | |
| Roosevelt Union Free School District | | | | | | | | | | √ | | |
| Three Village Central School District | | √ | √ | √ | √ | | | | | | | |
| Western Suffolk BOCES | | | | | | | √ | | | | | |
| Yonkers City School District | √ | | | | | | √ | | | | | |
| New York City Office of the Comptroller | | | | | | | | | | | | |
| * New York City Department of Education – Audit Report on the Provision of Vision Screening Services to Elementary School Students in New York City Charter Schools (footnote 4) | | | | | | | | | | | | √ |
| September 2010 | 6 | 1 | 2 | 3 | 1 | 6 | 4 | 2 | 1 | 1 | 1 | 8 |

* Other:
 1 American Recovery and Reinvestment Act (ARRA) Funds
 2 Tuition Assistance Program (TAP)
 3 Vehicle Inventory, Mileage Logs
 4 Vision Screening
 ** No recommendations

**September 2010 Regents Audits/Budget and Finance Subcommittee Meeting
Summary of Audit Findings**

Summary of Current and Prior Audit Findings

| | May 2007 - February 2009 | March 2009 | April 2009 | June 2009 | September 2009 | November 2009 | January 2010 | March 2010 | April 2010 | June 2010 | September 2010 | Running Total |
|---------------------------------|--------------------------------|---------------|---------------|--------------|-------------------|------------------|-----------------|---------------|---------------|--------------|-------------------|------------------|
| Procurement | 192 | 7 | 4 | 8 | 26 | 21 | 11 | 34 | 5 | 3 | 6 | 317 |
| Capital Assets | 19 | 0 | 0 | 0 | 0 | 1 | 0 | 6 | 1 | 0 | 1 | 28 |
| Claims Processing | 162 | 2 | 1 | 3 | 9 | 9 | 7 | 13 | 2 | 0 | 2 | 210 |
| Payroll | 191 | 1 | 1 | 4 | 16 | 20 | 10 | 30 | 2 | 1 | 3 | 279 |
| Cash | 148 | 2 | 1 | 3 | 14 | 17 | 10 | 25 | 2 | 0 | 1 | 223 |
| Financial Reporting | 120 | 5 | 2 | 7 | 17 | 13 | 15 | 22 | 2 | 0 | 6 | 209 |
| Information Technology | 184 | 6 | 3 | 5 | 24 | 16 | 13 | 24 | 2 | 0 | 4 | 281 |
| Capital Construction | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 5 |
| Extraclassroom Activity Fund | 17 | 0 | 1 | 0 | 3 | 1 | 3 | 3 | 0 | 1 | 2 | 31 |
| Segregation of Duties | 68 | 1 | 0 | 0 | 6 | 12 | 7 | 6 | 0 | 0 | 1 | 101 |
| Budgeting | 20 | 1 | 0 | 6 | 1 | 4 | 3 | 0 | 2 | 8 | 1 | 46 |
| Conflict of Interest | 25 | 0 | 0 | 0 | 5 | 4 | 1 | 3 | 0 | 0 | 0 | 38 |
| Fingerprinting | 11 | 2 | 0 | 0 | 3 | 1 | 3 | 2 | 1 | 1 | 1 | 25 |
| Other | 83 | 1 | 3 | 6 | 21 | 27 | 7 | 15 | 8 | 4 | 8 | 183 |
| Total | 1,245 | 28 | 16 | 42 | 145 | 146 | 90 | 183 | 27 | 18 | 36 | 1,976 |

September 2010 Regents Audits/Budget and Finance Subcommittee Meeting Summary of Audit Findings

Definitions of Categories

Procurement – includes findings related to lack of a contract, failure to competitively bid, failure to use purchase orders, lack of segregation of duties, no approval of the purchase and a lack of documentation.

Capital Assets – includes failure to have a manager responsible, lack of policy, and inappropriate disposal.

Claims Processing – includes claims being paid without adequate documentation, failure to audit the claim, an untrained claims auditor, and a claims auditor that lacks independence.

Payroll – includes a lack of segregation of duties in the payroll process; no policy and procedures and inappropriate payments to district administrators including leave accruals and health benefits; improper classification of employees; insufficient policies and procedures for the employee retirement system; improper contractual benefit payments; and improper longevity payments to the former superintendent.

Cash – includes poor control of cash, failure to prepare bank reconciliations, and weaknesses in the treasurer's duties.

Financial Reporting – includes inaccurate accounting statements, such as, an overstated fund balance, fund balance exceeding the legal limit, general fund transfers without voter approval, and improper use of accrued liability reserve funds.

Information Technology – includes lack of a disaster recovery plan, failure to back up information, inappropriate or undocumented user rights, inappropriate or missing password protection, and no policy and procedures.

Capital Construction – includes a lack of detailed accounting records related to a capital project, undocumented expenses, inappropriate and unapproved change orders.

Extraclassroom Activity Fund – includes poor accounting over funds and no documentation of expenses.

Segregation of Duties – includes weakness in control caused by individuals having responsibility for incompatible functions.

Budgeting – includes budget reviews required for school districts that have received approval for deficit financing, poor revenue projections and use of fund balance.

Conflict of Interest – includes personal conflicts of board members, district officials, and district employees where they have an interest in a contract, where they have the power, or may appoint someone who has the power to negotiate, authorize, approve, prepare, and make payment or audit bills or claims of the contract.

Fingerprinting – includes failure to fully comply with fingerprinting requirements.

**Audit Report Abstracts
Regents Subcommittee on Audits/Budget and Finance
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| Office of Audit Services | | |
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| Audit | Major Finding(s) | Recommendation/Response |
| <p>Brentwood Union Free School District Use of American Recovery and Reinvestment Act (ARRA) Funds Awarded For the July, 1 2009 - June 30, 2010 School Year ARRA-0310-10 10th Judicial District</p> | <p>The audit was conducted to assess the use of American Recovery and Reinvestment Act (ARRA) Funds awarded for the July 1, 2009 to June 30, 2010 school year. The scope was limited to the ARRA funding of Educational Stabilization Funds (ESF), Title I, and IDEA.</p> <p>It was found that the District charged the ESF grant \$1,855 for a luncheon for students with perfect attendance. These costs were not included in the approved grant application or amended in the narrative of their 1512 quarterly reporting.</p> <p>In terms of Section 1512 Reporting, it was found that for the reporting period ending, December 31, 2009, for IDEA Section 611, the District reported 11.5 jobs funded. The grant application also indicated the same number of jobs to be funded. Supporting documentation indicated that 9.5 jobs were actually funded.</p> <p>In terms of time and effort requirements, it was found that personnel activity reports for employees who work on multiple cost objectives, did not account for the total activity for which each employee was compensated.</p> <p>Finally, in terms of cash management, the District has a process in place to minimize time elapsing between receipt and disbursement funds, and to remit interest earned on federal funds in excess of \$100 annually.</p> | <p>3 recommendations</p> <p>The recommendations stated that the District should submit ARRA-ESF claims that only include Department approved costs, ensure the Section 1512 Quarterly Report reflects the actual number of jobs funded, and to ensure that all personnel activity reports account for the total activity for which each employee was compensated.</p> <p><i>The District has agreed with the recommendations and has indicated that they will implement corrective action.</i></p> |

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| <p>Connetquot Central School District Use of American Recovery and Reinvestment Act (ARRA) Funds Awarded For the July, 1 2009 – June 30, 2010 School Year ARRA-0410-13 10th Judicial District</p> | <p>The audit objective was to determine the effectiveness of and compliance with American Recovery and Reinvestment Act (ARRA) funding of Educational Stabilization Funds (ESF), and IDEA for the period July 1, 2009 through June 30, 2010.</p> <p>The District did not have time certifications for the five employees paid with ARRA IDEA Section 611 funding.</p> <p>For ARRA's quarterly reporting period ending March 31, 2010, the District's program narrative has the same language as the original application and was not changed. It states that 75 positions will be saved; however, the reporting summary indicated 91 positions were saved. There is also a discrepancy in the program narrative and the reporting summary.</p> <p>The District also did not have a process for ensuring compliance with federal requirements which included minimizing time elapsing between receipts and disbursement of funds and remitting interest earned on federal funds in excess of \$100 annually. However, our analysis of revenue received and expenditures incurred for all federal funds during a ten and a half month period, showed the District did not earn interest exceeding \$100 during this period.</p> | <p>3 recommendations</p> <p>The recommendations primarily focused on strengthening the policies and procedures regarding semiannual personnel activity reports, consistency between the report's program narrative and the reporting summaries, remitting interest, and receipt and disbursement of funds.</p> <p><i>The District agreed with the recommendations and has indicated that they plan to implement corrective action.</i></p> |
| <p>New York State Education Department Control of Fleet Vehicle Usage For the Period April 1, 2007 through</p> | <p>It was found that no one has the responsibility for maintaining a vehicle inventory and there is no comprehensive vehicle inventory listing for all Department fleet vehicles. There were three different inventory listings found, with each log containing different information. There were 11 inconsistencies among the lists that represented a breakdown</p> | <p>15 recommendations</p> <p>The report's recommendations focused primarily on strengthening the policies and procedures regarding fleet vehicle</p> |

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| <p>September 30, 2008 AI-0808-1</p> | <p>in control over inventory. Eight vehicles were also found that appeared on the DMV's list as active, but had been disposed of or transferred by the Department.</p> <p>The Department also issued three standard fleet management forms for uniform record keeping. The use of the forms, however, is not enforced, and the Policy was not revised to mention the availability of such forms. It was also found that certain Department officials had exclusive use of vehicles without approval required by the Policy. Employees also did not report personal mileage when they should have.</p> <p>Further, certain controls were not properly implemented to promote accountability, security and appropriate vehicle use. There were also breakdowns in the controls over fuel purchases. In some cases, vehicle maintenance and services were procured outside of the statement vehicle maintenance contract. One program unit also rented vehicles for periods in excess of time limits prescribed by law.</p> | <p>management, inventory lists, disposed vehicles, updating and expanding the Fleet Policy, mileage logs, fleet management forms, and Fuel Cards.</p> <p><i>The Department agreed with the recommendations and has indicated that they will implement corrective action.</i></p> |
| <p>Saratoga Springs City School District Use of American Recovery and Reinvestment Act (ARRA) Funds Awarded For the July 1, 2009 - June 30, 2010 School Year ARRA-0310-11 4th Judicial District</p> | <p>The audit objective was to determine the effectiveness of and compliance with American Recovery and Reinvestment Act (ARRA) funding of Educational Stabilization Funds (ESF), Title I, and IDEA for the period July 1, 2009 through June 30, 2010.</p> <p>It was found that the District used ESF to pay for 5.71 percent of all salaries normally charged in the General Fund, however, as salary expenditures were incurred, they were not directly charged to ESF expenditure codes. Salary costs were tracked separately on Excel spreadsheets and journal entries</p> | <p>7 recommendations</p> <p>The recommendations primarily focused on strengthening the policies and procedures regarding accounting for ESF expenditures, appropriations in the ESF account, contracts for consultant services, accurately estimating the number of jobs being funded, staffing reports, personnel activity reports,</p> |

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| | <p>were made monthly. The District did not make an appropriation in the ESF account code in the General Fund to ESF codes. The District also did not make an appropriation in the ESF account code in the General Fund. Additionally, an expenditure was found where services were rendered before a contract was put in place.</p> <p>In terms of compliance with Federal Grant Requirements, it was found that for IDEA Section 611, the District reported one job funded when there were actually 1.89 jobs funded. The estimate of jobs funded through ESF was overstated by 1.26 and the District used an outdated staffing report from December 2008 to identify general fund employees.</p> <p>For time and effort requirements, personnel activity reports for employees who work on multiple cost objectives, of which one part is funded by the General Fund, did not account for the total activity for which each employee was compensated as required by A-87.</p> <p>The District was also unaware of the federal requirements to minimize time elapsing between receipt and disbursement of funds, and remit interest earned on federal funds in excess of \$100 annually. For the 10-month audit period, it was found that the District did not earn interest in excess of \$100.</p> | <p>and receipts and disbursements.</p> <p><i>The District agreed with the recommendations and has indicated that they plan to implement corrective action.</i></p> |
| <p>Syracuse City School District Use of American Recovery and Reinvestment Act</p> | <p>The audit was conducted to assess the use of American Recovery and Reinvestment Act (ARRA) Funds awarded for the July 1, 2009 to June 30, 2010 school year.</p> <p>It was found that an employee was paid entirely from the</p> | <p>3 recommendations</p> <p>It was recommended that all employees salaries be accurately charged and posted to the</p> |

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| <p>(ARRA) Funds Awarded For the July, 1 2009 - June 30, 2010 School Year ARRA-0410-12 5th Judicial District</p> | <p>General Fund even though part of her duties was to provide services for the ARRA IDEA Section 611 program. This error resulted in the District under-claiming a small amount (.20 FTE) of personal service costs. (The District became aware of this and was in the process of fixing the error at the end of field work.)</p> <p>In terms of time and effort requirements, it was found that personnel activity reports for employees who work on multiple cost objectives, did not account for the total activity for which each employee was compensated, as required.</p> <p>Finally, in terms of cash management, it was found that the District did not have a procedure in place to calculate interest earned on federal funds in excess of \$100 annually. However, the District addressed the requirements to minimize the time elapsing between receipt and disbursement of federal funds by only requesting reimbursement of funds already spent to date.</p> <p>It was also determined that the District did not earn interest in excess of \$100 on federal funds.</p> | <p>programs for which they are providing services, that the personnel activity reports for employees who work on multiple cost objectives other than ARRA-ESF account for the entire activities for which employees are compensated, and finally that a procedure be put into place to periodically calculate interest earned on federal funds and to remit any amount in excess of \$100 annually.</p> <p><i>The District agreed with the recommendations and has indicated that they will implement corrective action.</i></p> |
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| Office of the State Comptroller | | |
|--|--|---|
| Audit | Major Finding(s) | Recommendation/Response |
| <p>Capital Region BOCES Transparency and Appropriateness of Reserve Funds S9-9-66 3rd Judicial District</p> | <p>An audit of six BOCES was conducted in order to determine if these BOCES have been reserving excessive funds without informing their component and participating school districts.</p> <p>It was found that the Capital Region BOCES (BOCES) retained \$5 million in reserve funds for which BOCES lacks specific authority to have or that BOCES inappropriately used. BOCES used approximately \$6.1 million in budgetary appropriations and surplus to fund six of its seven reserves without indicating to its districts that these appropriations were allocated to reserves, instead, including them within budgeted expenditures. BOCES also established a workers compensation reserve (with a balance of \$1 million), and used this to pay workers' compensation claims without clear statutory authority for this type of reserve.</p> <p>There was also an insufficient establishment of procedures and a lack of specific documented plans for the funding and use of the reserves. The Employee Retirement System (ERS) Contribution Reserve Fund was not properly established by board resolution and the career educational instruction equipment reserve was inappropriately funded with \$250,000 of surplus funds. BOCES also did not allocate interest to the unemployment insurance and ERS contribution reserves.</p> | <p>6 recommendations</p> <p>The recommendations focused primarily on strengthening the policies and procedures pertaining to written policies for the reserve funds, assurance that component districts are properly notified of BOCES intent to fund reserves, reserve monies being maintained in interest bearing accounts, discontinuing the inappropriate use of the EBALR, compliance with statutory restrictions over reserves, and discontinuing the use of the workers' compensation reserve.</p> <p><i>BOCES agreed with the recommendations and has indicated that they plan to implement corrective action.</i></p> |

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| <p>College of New Rochelle Tuition Assistance Program (TAP) Audit 2009-T-4 9th Judicial District</p> | <p>It was determined that the College of New Rochelle was overpaid \$62,341 because school officials incorrectly certified five students as eligible for Tuition Assistance Program (TAP) awards. From a sample of 150 randomly selected awards, four awards (totaling \$4,057) were disallowed, which results in an audit disallowance of \$59,841. An award for \$2,500 was also disallowed.</p> | <p>3 recommendations</p> <p>It is recommended that the Higher Education Services Corporation (HESC) recover a total of \$62,341, plus applicable interest from New Rochelle. It is also recommended that HESC ensure that the College of New Rochelle officials comply with the Higher Education Services Corporation requirements relating to certifying accurate tuition amounts and processing refunds in a timely manner.</p> <p>It is recommended to the Department to ensure that the College of New Rochelle comply with the Department requirements relating to good academic standing, full-time attendance, matriculation, and accuracy of transcripts.</p> <p>A response from HESC and the Department has not yet been received.</p> |
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| <p>East Williston Union Free School District Internal Controls Over Procurement and Information Technology Follow-up 2007M-253-F 10th Judicial District</p> | <p>An audit of the District was conducted in December 2007 which identified certain conditions and opportunities for District management's review and consideration.</p> <p>The District was revisited in 2009 to review the District's progress, and it was found that the District has made significant progress in implementing the recommendations. Out of the ten recommendations presented, 8 were fully implemented, one was not implemented, and one has been partially implemented.</p> | <p>The District has only partially implemented the recommendation pertaining to procurement policies and the competitive bidding process, and has not implemented the recommendation to test information technology procedures.</p> <p>The remainder of the recommendations have been fully implemented.</p> |
| <p>Erie 1 BOCES Transparency and Appropriateness of Reserve Funds S9-9-67 8th Judicial District</p> | <p>An audit of six BOCES was conducted in order to determine if these BOCES have been reserving excessive funds without informing their component and participating school districts.</p> <p>It was found that the Erie I BOCES (BOCES) retained \$880,000 in reserves that were either overfunded or were such reserves that BOCES does not have the authority to establish. During the audit period, BOCES used approximately \$4.7 million in budgetary appropriations and surplus to fund four reserves without indicating to its districts that these appropriations and surplus were allocated to reserves. The workers' compensation reserve and the retirement incentive reserve, were both established without statutory authority. The general fund reserve for encumbrances balance was also overstated by at least \$254,469.</p> <p>BOCES officials also did not establish adequate policies and procedures for the funding and use of the reserves, and the</p> | <p>5 recommendations</p> <p>The recommendations focused primarily on strengthening the policies and procedures pertaining to written policies for the reserve funds, assurance that component districts are properly notified of BOCES intent to fund reserves, discontinuance of the inappropriate use of the Workers' Compensation Reserve, the analysis of year end encumbrances, and determining if balances are necessary and reasonable.</p> <p><i>BOCES agreed with the recommendations and has indicated that they plan to</i></p> |

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| | CTE equipment reserve fund was not properly established by majority vote, and the activity was not reported to the Department. | <i>implement corrective action.</i> |
| <p>Hunter College Tuition Assistance Program (TAP) Audit 2009-T-3 1st Judicial District</p> | <p>\$1,370,649 adjustment</p> <p>The Tuition Assistance Program (TAP) is the largest of the various student grant and scholarship programs administered by Higher Education Services Corporation (HESC). It is an entitlement program designed to provide tuition aid to eligible full-time students who are enrolled in a variety of eligible programs. The objective of the audit was to determine whether Hunter's management complied with the Law and the Commissioner of Education's Rules and Regulations for certifying students as eligible for TAP awards.</p> <p>It was determined that Hunter College was overpaid \$1,370,649 because school officials incorrectly certified 13 students as eligible for 18 TAP awards. Twelve awards (totaling \$17,177) were disallowed from a statistical sample for a three year period, ending June 30, 2008. Six other awards (totaling \$10,950) were also disallowed based on a review of other awards from outside the statistical sample. Reasons for disallowances included students not in full time attendance, not in good academic standing, and students without citizenship.</p> | <p>3 recommendations</p> <p>It is recommended that HESC recover the \$1,370,649 plus applicable interest from Hunter, for its incorrect TAP certifications, as well as to ensure that Hunter officials comply with HESC requirements relating to United States Citizenship.</p> <p><i>HESC agreed with the recommendations and indicated that they plan to implement corrective action.</i></p> <p>It is recommended to the Department that they ensure that Hunter officials comply with the Department requirements relating to full-time attendance, good academic standing, and grading policies.</p> <p><i>The Department agreed with the recommendations and indicated that they plan to implement</i></p> |

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| | | <i>corrective action.</i> |
| <p>Integrated Treatment Services, Inc. Compliance with the Reimbursable Cost Manual 2009-S-37</p> | <p>\$337,920 adjustment</p> <p>Integrated Treatment Services is a New York State Corporation organized to provide special education itinerant teaching and related services to children.</p> <p>It was concluded that Integrated has \$511,615 of Consolidated Fiscal Report (CFR) costs that were inappropriately included in the calculation of rates to reimburse Integrated.</p> <p>A downward adjustment in the personal service costs on the 2006-07 and 2007-08 CFRs is recommended, in the amount of \$337,920. This recommendation is necessary because it was realized that certain staff were being awarded bonuses based on their relationships with Integrated owners and executive staff. Additionally, \$75,000 that was supposed to be for office renovations was inappropriately included in tuition rate calculations because the proposal for the renovations was not first submitted to the Department for approval, as required. Department officials also stated that if they had been previously notified about the renovations, they would not have approved them. It was also realized that \$61,773 that should have been included in tuition rate determinations, was instead used for custom software development that was not necessary for program operation.</p> <p>Finally, according to Department officials, it is required that</p> | <p>11 recommendations</p> <p>It is recommended that the Department review adjustments contained in the report and make the appropriate adjustments to the costs reported on the CFR. The tuition rate should also be re-computed and appropriate action should be taken to recover any overpayments. The Department should also comply with the Manual's requirements for eligibility and documentation or reported program costs.</p> <p><i>The Department agreed with the recommendations and has indicated that they will implement corrective action.</i></p> <p>The recommendations to Integrated Services Inc, focused primarily on strengthening the policies and procedures regarding the computer system, repairs and maintenance costs, travel reimbursement, CFR costs,</p> |

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| | <p>contracts for services be obtained through Requests for Proposals, or supported with other bidding documentation, and there must be justification that the service contractor was economical and appropriate. Integrated did not have support for compliance with any of these requirements.</p> | <p>obtaining approval for required projects, requests for proposals, and service contractors.</p> <p><i>Integrated disagreed with certain aspects of the recommendations pertaining to the awarding of bonuses to related staff members, the purchase of customized software, reimbursable travel expenses, proper documentation for expenses. Integrated has implemented some corrective action, and stated that they will be fully committed to compliance in the future.</i></p> |
| <p>Laurens Central School District Transportation Cost Savings 2010M-76 6th Judicial District</p> | <p>During the 2009-2010 school year, the District had eight bus routes with 307 students assigned to these routes, and there were 137 unassigned seats. The District’s head bus driver conducted a student enrollment trend analysis which reflected that a change was needed in the transportation routes for the upcoming 2010-2011 school year. As a result, the District plans to purchase a 36-passenger bus to replace the 65-passenger one, and also to eliminate one of the bus routes. If the District follows through with its plans to make these changes, it will result in significant savings as well as yield environmental benefits. Combined, the elimination of a bus route and the replacement of a 65-passenger bus with a 36-passenger bus will save the District an estimated \$240,205.</p> | <p>There are no recommendations.</p> |

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| <p>Madison-Oneida BOCES Transparency and Appropriateness of Reserve Funds S9-9-65 6th Judicial District</p> | <p>An audit of six BOCES was conducted in order to determine if these BOCES have been reserving excessive funds without informing their component and participating school districts.</p> <p>It was found that the Madison-Oneida (BOCES) retained \$7.3 million in reserves that were either overfunded or were such reserves that BOCES does not have the authority to establish. During the audit period, BOCES used approximately \$274,081 in budgetary appropriations to fund two reserves without indicating to its districts that these appropriations and surplus were allocated to reserves. Further, BOCES officials established the post-retirement benefit accrual reserve, which included over \$6 million as of June 30, 2009, and used it to pay for retiree health insurance benefits without statutory authority.</p> <p>BOCES officials also did not establish adequate policies and procedures for the funding and use of the reserves. The unemployment reserve fund (with a balance of \$674,000) exceeded the Board's approved balance limit and the EBALR's fund balance (\$1.3 million) was not realistic and had no activity during the audit period.</p> | <p>5 recommendations</p> <p>The recommendations focused primarily on strengthening the policies and procedures pertaining to the development of policies to ensure legally authorized reserve funds, the assurance that component districts are notified of the intent to fund reserves, appropriately allocated interest to the reserve funds, necessary and reasonable balances, and discontinuance of the unauthorized post-retirement health insurance reserve.</p> <p><i>BOCES agreed with the recommendations and has indicated that they plan to implement corrective action.</i></p> |
| <p>Middletown (Enlarged) City School District of Internal Controls Over Construction Project Change Orders 2010M-15 9th Judicial District</p> | <p>The Board did not develop a comprehensive change order policy, authorize change directives, or designate an official to authorize change directives on its behalf, and because the Board approved approximately half of the change orders after work was completed, the District had limited assurance that the \$1.8 million expended on change orders was within the scope necessary.</p> | <p>3 recommendations</p> <p>It was recommended that the Board amend the District's change order policy to address change directives, timely notification to the Board, and delegated authorities. The Board should also monitor the</p> |

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| | | <p>District's change order process to ensure compliance with its policies. It is also recommended that all change directives be distributed to the Board in a timely manner, and that the Board review and approve all construction change orders prior to the completion of the work.</p> |
| <p>Nassau BOCES Transparency and Appropriateness of Reserve Funds S9-9-69 10th Judicial District</p> | <p>An audit of six BOCES was conducted in order to determine if these BOCES have been reserving excessive funds without informing their component and participating school districts.</p> <p>It was found that the Nassau BOCES (BOCES) retained \$25.9 million in inappropriately used reserve funds allocated from school district moneys. During the audit period, BOCES used approximately \$10.8 million in budgetary appropriations to fund three of its five reserves. Further, BOCES officials established an employee benefit accrued liability reserve (with a balance of \$33,478,545). BOCES did not have support for \$2.9 million of this reserve.</p> <p>BOCES officials also did not establish adequate policies and procedures for the funding and use of the reserves. BOCES did not allocate any interest to their Employee Benefits Accrued Liability Reserve (EBALR) during the entire audit period.</p> | <p>6 recommendations</p> <p>The recommendations focused primarily on strengthening the policies and procedures pertaining to the development of written policies for reserve funds, the assurance that component districts are notified of the intent to fund reserves, appropriately allocated interest to the reserve funds, restriction on the transfer of funds, necessary and reasonable balances, and discontinuance of the inappropriate use of the Employee Benefits Accrual portion of the EBALR.</p> <p><i>BOCES agreed with the recommendations and has indicated that they plan to implement corrective action.</i></p> |

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| <p>New York City Department of Education (NYCDOE) John F. Kennedy Educational Campus: Management of General School Funds 2009-N-11 1st, 2nd, 11th, 12th, 13th Judicial District</p> | <p>General School Fund (GSF) bank accounts are the accumulated funds donated to and/or raised by students or student organizations, to support extracurricular and co-curricular student activities. During the audit period, GSF accounts were maintained at four of the five schools examined: Marble Hill High School for International Studies, Bronx Theater High School, Bronx Engineering and Technology Academy, and Bronx High School of Law and Finance.</p> <p>It was determined that the NYCDOE did not provide Kennedy Campus staff with adequate oversight and training and, in turn, school officials did not exercise due diligence and care over GSF accounts. As a result, officials have created a control environment that is weak and conducive to fraud. The \$193,732 that was disbursed from these accounts could not be fully accounted for due to improper record keeping. The officials at the four high schools have not fulfilled their fiduciary responsibilities to properly account these funds.</p> <p>In some cases, GSF funds were also misspent by school principals. The principal at Bronx Law and Finance used GSF funds to pay for 80 credit card charges (totaling \$5,312), of which \$4,060 was unrelated to student activities. The payees for 50 checks (totaling \$35,321) were also unable to be identified, because the principal could not locate a checkbook covering several months of activity. At Marble Hill and Bronx Theater, principals maintained accounts with unauthorized debit cards that were sometimes used to make cash withdrawals, including \$1,260 that was used to pay for senior</p> | <p>9 recommendations</p> <p>It was recommended that the NYCDOE require the Bronx Law and Finance principal to reimburse the GSF funds for the non-student related expenditures he made from GSF funds, as well as require that the Bronx Theater principal and the Marble Hill principal cancel the debit cards associated with their respective school GSF account. It is also recommended that the School reimburse the \$786 for the inappropriate expenditures identified in the sample, and that activities related to the GSF accounts at the Kennedy Campus are reviewed to ensure all purchases are directly related to the appropriate student activities. Finally, it was recommended that all schools appoint a treasurer for their GSF accounts, maintain a cash journal, provide required training to employees responsible for GSF accounts, and notify NYCDOE when opening GSF accounts in the future.</p> |
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| | <p>prom costs, but not supported by invoices or receipts.</p> <p>A sample of 20 disbursements taken from the GSF accounts at all four schools, found three payments for general operating costs including postage, shipping, and replacement of a student's iPod that had been stolen from the principal's office. All but one purchase lacked supporting documentation.</p> <p>Further, each of the principals personally acted as treasurer for at least one GSF account, even though NYCDOE policy requires that these duties be assigned to a staff member to ensure proper separation of duties and oversight.</p> | <p><i>NYCDOE officials have agreed with the recommendations and have implemented corrective action.</i></p> |
| <p>New York City Department of Education (NYCDOE) John F. Kennedy High School: Management of General School Funds 2009-N-2 1st, 2nd, 11th, 12th, 13th Judicial District</p> | <p>It was determined that the control environment at John F. Kennedy High School (Kennedy) is poor and it is likely that General School Funds (GSF) monies have been stolen. The Kennedy principal did not establish basic accountability for student funds. NYCDOE GSF guidelines have been ignored and funds cannot be accounted for by Kennedy officials. The Special Commissioner of Investigation has started an investigation into these matters.</p> <p>There was mismanagement of GSF funds at Kennedy, serious deficiencies in the recordkeeping, unaccounted for funds, and large debts to outside vendors. From our testing of 30 checks totaling about \$58,180, it was identified that \$7,827 in GSF funds were used to pay for items that were not student-related. Kennedy officials also did not maintain basic accounting records to document GSF activity. The treasurer also bounced 15 checks (totaling \$28,825) because she was unaware that there were insufficient funds in the GSF</p> | <p>8 recommendations</p> <p>The report's recommendations focused primarily on strengthening the policies and procedures regarding the reimbursement of GSF funds that were used for inappropriate activities, the review of activities related to GSF account, maintenance of a cash journal, arrangement of payment of past due expenses, cash register tapes, maintenance of school inventory records, and investigation of the potential misuse of GSF funds.</p> <p><i>School officials agreed with the recommendations and have agreed</i></p> |

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| | <p>account.</p> <p>Further, no inventory records were kept for items purchased or sold in the school store. Cash register tapes were also not used when ringing up sales. There is also no complete record of the amount of revenues and other funds collected from and earned by the students at the School.</p> | <p><i>to implement corrective action.</i></p> |
| <p>New York State Education Department Criminal History Background Checks for School Employees Follow-up Report 2010-F-16</p> | <p>The initial report, issued in February 2009, determined that background checks on applicants for school employment were sometimes subject to long delays, and the Department was not monitoring the status of its ongoing background checks. As a result, some employees should not have been cleared to work in schools. The objective of the follow-up was to assess the extent of implementation of the four recommendations included in the initial report.</p> <p>It was determined that Department officials have made progress in correcting the majority of the problems that were previously identified. Of the four prior audit recommendations, three of them have been implemented, and one recommendation have been partially implemented.</p> | <p>The recommendation that was only partially implemented pertained to the modification of the TEACH system so that it properly captures all pertinent information for each background check application and routinely tracks the status of outstanding applications. Improvements have been made with the TEACH system, but Department officials still have not developed written procedures that describe its monitoring process.</p> <p>The remainder of the recommendations have been implemented.</p> |
| <p>New York State Education Department Rainbow Rhymes Learning Center 2009-S-84</p> | <p>\$473,815 adjustment</p> <p>Rainbow Rhymes Learning Center (Rainbow) entered into a contract for \$988,110 to provide certain education-related programs on behalf of the Department. Department contractors are required to use the awarded grant monies</p> | <p>3 recommendations</p> <p>It was recommended that Rainbow recover the \$473,815 in unsupported and inappropriate claims, as well as to review the</p> |

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| | <p>only for Program purposes and they must maintain supporting documentation.</p> <p>It was found that \$473,815 (out of the \$785,267 paid) was either not adequately supported, not program appropriate, or claimed for a period which did not allow for reimbursement requests. An example of this was when Rainbow billed the Department for salary payments to its Director that were already reimbursed by another State agency. Rainbow was also reimbursed \$35,424 for non-program related expenditures.</p> <p>Rainbow operated its Program-funded after school center for approximately 18 months before it obtained the required School age license, therefore they were not legally qualified to operate, or seek reimbursements for the Program at that time. Rainbow was paid \$256,206 during the unlicensed period.</p> <p>Rainbow provided after school services to 27 children, even though they were contracted to provide after school services to 300 children, and family literacy services to 75 families.</p> | <p>remaining payments made to Rainbow that were not included in the audit, and recover those that are not appropriate. Finally, it is recommended that Rainbow develop and implement a monitoring system that would help to ensure that contract-related payments are supported and appropriate.</p> <p><i>Rainbow Rhymes Learning Center agreed with the recommendations and has agreed to implement corrective action.</i></p> |
| <p>New York State Education Department Toll-Free Service 2009-0346</p> | <p>The object of the audit was to determine if the Department received the toll-free service it was charged for and procured the most cost-effective toll-free service. It was found that the Department did in fact receive the toll-free service it was charged for by AT&T and Verizon. However, the Department did not receive the most cost-effective toll-free service from these vendors for the toll-free numbers not procured under the Comprehensive Telecommunications Services (CTS) contract. The Department could reduce the cost of the toll-</p> | <p>1 recommendation</p> <p>It is recommended that the Department convert the non-contract toll-free numbers to the CTS contract.</p> <p><i>The Department agreed with the recommendation.</i></p> |

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| | free service by converting all non-CTS numbers to the CTS contract. | |
| Port Jervis City School District Internal Controls Over Selected Activities 2010M-3 9th Judicial District | <p>The amount of unappropriated, unreserved fund balance retained at year-end, averaged \$5.5 million from 2006-07 through 2008-09. In 2008-09, the District retained approximately \$9 million, or almost 15 percent of the ensuing year's budget, which is nearly four times the amount allowed by law.</p> <p>District officials have also not adequately segregated duties within the payroll process. The payroll clerk has the ability to add unauthorized employees to the payroll and/or pay employees more salary than authorized.</p> <p>There were no discrepancies in the 25 payroll transactions that were tested.</p> | <p>3 recommendations</p> <p>The recommendations stated that the Board should develop a plan to use the surplus general fund balance in a manner that benefits taxpayers, develop a plan for addressing accumulated fund balance in the future, and revoke the payroll clerk's authority to enter new employees and make salary changes, and delegate these functions to a trained individual outside of the payroll processing function.</p> <p><i>The District agreed with the recommendations and has indicated that they plan to implement corrective action.</i></p> |
| Rockland BOCES Transparency and Appropriateness of Reserve Funds S9-9-68 9th Judicial District | <p>An audit of six BOCES was conducted in order to determine if these BOCES have been reserving excessive funds without informing their component and participating school districts.</p> <p>It was found that the Rockland BOCES (BOCES) retained \$16.9 million in reserves that were either overfunded or were such reserves that BOCES does not have statutory authority</p> | <p>7 recommendations</p> <p>The recommendations focused primarily on strengthening the policies and procedures pertaining to the development of written policies for reserve funds, the</p> |

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| | <p>to establish. During the audit period, BOCES used approximately \$4.8 million in budgetary appropriations and operating surplus to fund four of its seven reserves without indicating to its Districts that these appropriations were allocated to reserves. Further, BOCES officials improperly accounted for future post-employment health insurance costs using a post-employment retirement benefit accrual by which they accumulated funds totaling \$14.7 million. BOCES also established a workers' compensation reserve and a Section 803 accrual reserve (with balances totaling \$964,000), and used the workers' compensation reserve to pay for workers' compensation benefits without the authority to do so. Finally, it was determined that the general fund reserve for encumbrances balance was overstated by at least \$897,000.</p> <p>BOCES officials also did not establish adequate policies and procedures for the funding and use of the reserves. The unemployment reserve fund, (with a balance of \$562,000), exceeded the Board's approved balance. Interest was not also not properly allocated to all of BOCES' reserves.</p> | <p>assurance that component districts are notified of the intent to fund reserves, appropriately allocated interest to the reserve funds, restriction on the transfer of funds, necessary and reasonable balances, and discontinuance of the improper recording of the post employment retirement benefits accrued liability in their financial statements.</p> <p><i>BOCES agreed with the recommendations and has indicated that they plan to implement corrective action.</i></p> |
| <p>Roosevelt Union Free School District Third Quarter Report on the 2009-10 Budget 2010M-065 10th Judicial District</p> | <p>To reduce the amount of property taxes for the 2009-10 year, the District appropriated \$2.5 million from its fund balance and carried forward \$1.9 million that has been reserved for prior year encumbrances. It was determined that the District is on track to exceed its revenue projection, and to stay within its budgeted expenditure limits. If this trend continues, the District could end up with a surplus of \$4.2 million instead of the planned operating deficit of \$2.5 million which could result in \$11.8 million of unreserved, unappropriated monies in the general fund as of June 30, 2010. This is 3.5 times the</p> | <p>5 recommendations</p> <p>It is recommended that the District continue to monitor the general fund balance and develop a plan to reduce the balance in accordance with the law, and adopt budgets that realistically reflect the appropriation amounts needed to fund expenditures for salaries,</p> |

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| | <p>amount allowed by law.</p> <p>Further, 17 account codes were cumulatively over-expended by \$187,211. District records also continue to indicate 92 budget line codes related to the special aid funds are over-expended by approximately \$2.2 million as of March 31, 2010.</p> <p>In 2009-10, the District encumbered \$1.82 million of the \$2.86 million in Academic Improvement Grants (AIG), leaving \$1.04 million that has yet to be encumbered and earmarked for specific purposes. In March 2010, the Board adopted a resolution appropriating the remaining \$1.04 million to be used for unspecified purposes in the current year, but has not yet encumbered these funds for specific purposes.</p> | <p>benefits, debt services and pupil transportation. It is also recommended that District officials make necessary budgetary transfers of appropriations to accounts that are over-expended, close out prior years' inactive grants related to the special aid fund. Finally, the District should encumber the remaining \$1.04 million in AIG and correct the \$116,000 in negative expenditures.</p> <p><i>The District agreed with the recommendations and indicated that they will implement corrective action.</i></p> |
| <p>Three Village Central School District Internal Controls Follow-up 2006M-66-F 10th Judicial District</p> | <p>An audit was conducted in January 2009 to assess the financial operations of the District. The District was then revisited in order to review the progress that was made with implementing the recommendations from the previous report.</p> <p>It was found that the District has made partial progress in implementing the recommendations. Of the 29 audit recommendations, 17 recommendations were implemented, six were partially implemented, and six recommendations were not implemented.</p> | <p>The six recommendations that were partially implemented were those pertaining to questioned costs, financial operations, secure storage for checks and cash, unclaimed paychecks, and capital assets.</p> <p>The recommendations that were not implemented are those regarding the capital asset inventory policy, the security of capital assets, claim voucher</p> |

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| | | codes, attendance records, overtime. The remainder of the recommendations have been fully implemented. |
| Western Suffolk BOCES Transparency and Appropriateness of Reserve Funds S9-9-70 10th Judicial District | <p>An audit of six BOCES was conducted in order to determine if these BOCES have been reserving excessive funds without informing their component and participating school districts.</p> <p>It was found that the Western Suffolk BOCES (BOCES) retained \$2.4 million in reserves that were inappropriate. During the audit period, BOCES used approximately \$4.2 million in budgetary appropriations and operating surplus to fund four of its five reserves without indicating to its District's that these appropriations were allocated to reserves. BOCES also established a workers' compensation reserve, which included over \$2.4 million without statutory authority for this type of reserve.</p> <p>BOCES officials also did not establish adequate policies and procedures for the funding and use of the reserves. The BOCES provided documentation that supports the balances maintained in the reserve accounts.</p> | <p>4 recommendations</p> <p>The recommendations focused primarily on strengthening the policies and procedures pertaining to the development of written policies for reserve funds, the assurance that component districts are notified of the intent to fund reserves, necessary and reasonable balances, and discontinuance of workers' compensation reserve.</p> <p><i>BOCES agreed with the recommendations and have indicated that they plan to implement corrective action.</i></p> |
| Yonkers City School District Internal Controls Over Selected Financial Activities 2010M-18 | <p>The Board has not developed proper guidelines for the use and evaluation of requests for proposals (RFPs), for Awarding Service Companies' contracts and professional services contracts. Further, a contract was awarded to a service provider with no explanation for the selection. Officials also did not use the RFP process when awarding contracts to a</p> | <p>5 recommendations</p> <p>The recommendations pertained specifically to the proper use of the RFP process, as well as the segregation of duties over the</p> |

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| <p>9th Judicial District</p> | <p>law firm and a management consulting firm.</p> <p>The Board has also not adopted comprehensive policies and procedures to ensure that access to the District's computerized financial data is restricted to only those functions required by individual employees' job duties. Segregation of duties have not been established to ensure proper segregation of duties within the computer system and to limit user access.</p> | <p>computer system to limit user access.</p> <p><i>The District has agreed with the recommendations and has since implemented corrective action.</i></p> |
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| New York City Office of the Comptroller | | |
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| Audit | Major Finding(s) | Recommendation/Response |
| <p>New York City Department of Education (NYCDOE) Audit Report on the Provision of Vision Screening Services to Elementary School Students in New York City Charter Schools ME10-077A 1st, 2nd, 11th, 12th, 13th Judicial District</p> | <p>This audit was conducted to determine whether the NYCDOE adequately monitored the provision of vision screening services to chartered elementary school students and whether the Department of Health and Mental Hygiene (DOHMH) effectively provided vision screening services to kindergarten and first grade students in the charter schools during the 2007-2008, and 2008-2009 school years.</p> <p>It was found that NYCDOE did not adequately oversee the provision of vision screening services to chartered elementary school students in the City to ensure that they were conducted in accordance with applicable laws and regulations. Even though State law clearly requires all schools to provide vision screening services to all new entrants within six months of admission to the school, NYCDOE initially argued that they did not have to provide such services. Although there was oversight on NYCDOE's part, it was found that the majority of schools in the sample of charter schools received the vision screening services. For new entrants second grade or higher 92 percent of them received vision screenings.</p> <p>While DOHMH appears to be consistently providing vision screening services to kindergarten and first grade students in the chartered elementary schools, there is a need for them to improve their follow-up contacts with the parents of the students who failed their vision screenings.</p> | <p>5 recommendations</p> <p>The recommendations for NYCDOE focused primarily on strengthening the policies and procedures regarding the requirement of all new entrants within six months of admission to receive vision screening, and authorizing schools to follow the Chancellor's regulations with regard to vision screening.</p> <p>The recommendations for DOHMH focused primarily on strengthening the policies and procedures regarding: contacting the parents of students for whom the E12S form has not been returned, maintaining vision screen records, and requiring all charter schools in the City authorized by NYCDOE to follow the Chancellor's rules.</p> <p><i>NYCDOE and DOHMH both disagreed with the majority of the recommendations contained in the report, however, they have</i></p> |

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| | | <i>indicated that they will look into certain strategies recommended regarding contacting the parents of students to make sure the proper vision screening polices and procedures are conducted.</i> |
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