



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY,
NY12234

TO: Audits/Budget and Finance Committee
FROM: Sharon Cates-Williams *Sharon Cates-Williams*
SUBJECT: Board of Regents Oversight of Financial Accountability
DATE: March 2, 2017
AUTHORIZATION(S): *Mary Ellen Elin*

SUMMARY

Issues for Discussion

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

1. Completed Audits including the Report of the Internal Audit Workgroup. (Attachments I & II).

Reason(s) for Consideration

Update on activities.

Proposed Handling

Discussion and guidance.

Procedural History

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

Background Information

1. Completed Audits including the Report of the Internal Audit Workgroup
The Committee is being presented with 35 audits this month. (Attachments I & II)

Audits are provided as follows:

Office of Audit Services

Buffalo City School District
East Ramapo Central School District
New York City Montessori Charter School

Office of the New York City Comptroller

Success Academy Charter School

Office of the New York State Comptroller

Aim High Children's Services
Belfast Central School District
Brentwood Union Free School District
Central Square Central School District
Cold Spring Harbor Central School District
Freeport Union Free School District
Glen Cove City School District
Hastings-On-Hudson Union Free School District
Hebrew Institute for the Deaf and Exceptional Children
HTA of New York
Island Trees Union Free School District
Livonia Central School District
Lyme Central School District
Onondaga-Cortland-Madison BOCES
Ontario-Seneca-Yates-Cayuga-Wayne BOCES
Panama Central School District
Phelps-Clifton Springs Central School District
Saint Lawrence-Lewis BOCES
Sherman Central School District
Sodus Central School District
Southwestern Central School District
State Education Department
Valley Stream Union Free School District #24
Vertus Charter School
Wantagh Union Free School District
Warsaw Central School District
Waterville Central School District
West Genesee Central School District
Whitney Point Central School District
Williamsville Central School District

Recommendation

No action required for audit initiatives and presentation of audits.

Timetable for Implementation

N/A

The following materials are attached:

- Report of the Internal Audit Workgroup and Summary of Audit Findings including Audit Abstracts (Attachments I and II)

Regents Committee on Audits/Budget and Finance
March 2017
Review of Audits Presented
Department's Internal Audit Workgroup

Newly Presented Audits

The Department's Internal Audit Workgroup reviewed the thirty-five audits that are being presented to the Committee this month. Three audits were issued by the Office of Audit Services, one by the Office of the New York City Comptroller, and thirty-one by the Office of the New York State Comptroller (OSC). Twenty-five audits were of school districts, three of Boards of Cooperative Educational Services (BOCES), three of charter schools, three providers of special education services, and one audit of the State Education Department.

The findings were in the areas of banking, budget/financial reporting, claims processing, conflict of interest/internal controls, extra-classroom activity fund, information technology, payroll/leave accruals, procurement, Reimbursable Cost Manual compliance, segregation of duties, employment preparation education program, new hires, school lunch program, special education, and Universal Pre-Kindergarten program.

The Department has issued letters to the school district auditees 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.

The Internal Audit Workgroup identified the audits of East Ramapo Central School District's School Lunch Fund, New York City Montessori Charter School's special education program, Success Academy Charter School's oversight of financial operations, Aim High Children Services' Reimbursable Cost Manual compliance, Hebrew Institute for the Deaf and Exceptional Children's Reimbursable Cost Manual compliance, the State Education Department's Universal Pre-Kindergarten program, and Vertus Charter School's conflict of interest and information technology.

February 2017 Regents Audits/Budget and Finance Committee Meeting Summary of Audits Requiring Specific Attention

Audit Summary	Recommendation/Response
<p>East Ramapo Central School District School Lunch Fund</p> <ul style="list-style-type: none"> • Office of Audit Services Audit. • \$724,616 adjustment (3.4% of \$21.5 million reported in costs) • District officials charged \$724,616 (or 13% of the sample) in expenditures to the school lunch program that should not have been reimbursed because they were not approved or were undocumented. 	<p>The report's recommendations focused on District officials establishing communications with the Department's Child Nutrition Unit to obtain instructions for repaying the \$724,616 that was overbilled and ensuring that adequate supporting documentation is maintained for all expenditures charged to the school lunch fund.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> <p style="text-align: center;">Next Steps:</p> <ul style="list-style-type: none"> - The District proposed arranging a multi-year schedule of repayment (i.e. \$100,000 annually) to the food service account. - SED is waiting for the formalized written proposition from the School.
<p>New York City Montessori Charter School Special Education Program</p> <ul style="list-style-type: none"> • Office of Audit Services Audit. • Regents approved Charter. • \$87,134 adjustment (12.3% of \$709,500 revenue directly related to special education). • Officials did not ensure all special education students with an IEP received an annual review. • Montessori overbilled NYCDOE \$87,134 in special education services. • Nine students received special education instruction from teachers who were not certified in special education by New York State. 	<p>The report's recommendations focused on School officials following up to ensure that all special education students with an IEP have an annual review, providing reconciliations to NYCDOE, repaying \$87,134 that was overbilled, and ensuring teachers who provide special education instruction are appropriately certified or licensed.</p> <p>School officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> <p style="text-align: center;">Next Steps:</p> <ul style="list-style-type: none"> - Development of a fiscal dashboard for Board of Regents authorized charter schools. - Maintain strong oversight and monitor the school as per the SED monitoring plan. - Ensure the implementation of the fiscal corrective action plan developed by the school with SED approval. - Advocate for a fiscal oversight position within the SED Charter School Office.

<p>Success Academy Charter School Oversight of Financial Operations</p> <ul style="list-style-type: none"> • Office of the NYC Comptroller Audit. • SUNY approved Charter. • \$624,342 adjustment (3.4% of \$18.3 million paid in management fees) <ul style="list-style-type: none"> ○ Duplicative payments were made to the Network for services required by the Management Agreement in exchange for its 15% management fee. 	<p>The report's recommendations focused on School officials recouping \$624,342 paid to Network for expenses charged to the School that should have been included in the Network's management fee.</p> <p>School officials disagreed with the report's findings and recommendations.</p> <p>Next Steps:</p> <ul style="list-style-type: none"> - Work with SUNY, the charter entity, to ensure appropriate measures are taken. - Continue to update and disseminate the SED Charter School Audit Guide to all charter schools and financial service professionals in New York State. - Work with districts across the state to ensure there is sufficient knowledge of charter school finance and billing issues.
<p>Aim High Children's Services</p> <ul style="list-style-type: none"> • Office of the NYS Comptroller Audit • \$616,906 adjustment (6.4% of \$9.7 million reported in reimbursable costs on the CFR) <ul style="list-style-type: none"> ○ Ineligible costs included \$501,085 payment for services that were unsupported. • Lack of sufficient documentation. 	<p>The report's recommendations focused on School officials ensuring that costs reported on future CFRs comply with Manual requirements and ensuring that costs charged to SED programs are appropriate and valid.</p> <p>School officials disagreed with the report's findings and recommendations. SED officials agreed with the findings and recommendations except those regarding collaborative agreements.</p> <p>Next Steps:</p> <ul style="list-style-type: none"> - SED will Issue guidance clarifying standards for collaborative agreements' reimbursement. - Continue to provide technical assistance whenever requested. - Encourage key individuals to complete CFR training.
<p>Hebrew Institute for the Deaf and Exceptional Children</p> <ul style="list-style-type: none"> • Office of the NYS Comptroller Audit • \$774,122 adjustment (7% of \$11 million reported in reimbursable costs on the CFR) <ul style="list-style-type: none"> ○ Ineligible costs include \$194,438 in bonuses, \$132,377 excessive executive payments, and \$22,024 in checks written to the Executive Director. 	<p>The report's recommendations focused on Hebrew Institute's officials ensuring that costs reported on future CFRs comply with all Manual requirements.</p> <p>School officials disagreed with the report's findings and recommendations. SED officials agreed with the findings and recommendations.</p> <p>Next Steps:</p> <ul style="list-style-type: none"> - SED will review the disallowances and adjust/recover overpayments. - Continue to provide technical assistance whenever requested. - Encourage key individuals to complete CFR training.

<p>State Education Department Universal Pre-Kindergarten Program</p> <ul style="list-style-type: none"> • Office of the NYS Comptroller Audit • The Department does not directly monitor UPK providers for health and safety. • The Department relies on the school district operating the UPK program or the Office of Children and Family Services to ensure that UPK providers are complying with health and safety requirements. 	<p>The report's recommendations focused on State Education Department officials developing requirements and issuing formal guidance for school districts to follow when performing health and safety inspections of UPK facilities and implementing a structured system to monitor school districts' oversight and inspections of health and safety compliance of all UPK providers.</p> <p>SED officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> <p>Next Steps:</p> <ul style="list-style-type: none"> - SED created a UPK Health and Safety Checklist, which along with an accompanying guidance memo, was emailed to all 460 school districts operating state-funded UPK programs in October, 2016. The Checklist will be re-sent at the beginning of each subsequent school year. - SED is modifying its required electronic report which school districts submit annually, to include a new section in which school districts will list all UPK program providers and any deficiencies noted during their site visits to ensure health and safety compliance. The report will include the date(s) that deficiencies were identified and corrected, and any other subsequent actions by the district. SED will review the report and follow-up as necessary (e.g., communication with licensor, site visit, desk audit).
<p>Vertus Charter School Conflict of Interest and Information Technology</p> <ul style="list-style-type: none"> • Office of the NYS Comptroller Audit • Regent approved Charter. • The Board did not ensure that School officials and employees did not have a prohibited interest in the School's contracts. • Certain provisions of the School's bylaws and code of ethics appear to be inconsistent with the Charter and General Municipal Law (GML). • School officials have not implemented appropriate information technology (IT) policies and procedures. 	<p>The report's recommendations focused on the Board and School officials consulting with the School's legal counsel to address inconsistencies between the School's bylaws, code of ethics and its charter and GML, and adopting comprehensive policies governing the School's IT operations including, but not limited to, user access, acceptable use and breach notification.</p> <p>School officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> <p>Next Steps:</p> <ul style="list-style-type: none"> - Continued development of a fiscal dashboard for Board of Regents-authorized charter schools. - Maintain strong oversight and monitor the school as per the SED monitoring plan. - Ensure the development and then implementation of a fiscal corrective action plan developed by the school with SED approval. - Advocate for a fiscal oversight position with the SED Charter School Office.

**February 2017 Regents Audits/Budget and Finance Committee Meeting
Summary of Audit Findings**

Audit	Banking	Budgeting/Financial Reporting	Claims Processing	Conflict of Interest/Internal Controls	Extra Classroom Activity Fund	Information Technology	Payroll/Leave Accrual	Procurement	Reimbursable Cost Manual Compliance	Segregation of Duties	Other
Success Academy Charter School - Harlem 1		√									
Buffalo City School District (footnote 1)											√
East Ramapo Central School District (footnote 3)											√
New York City Montessori Charter School (footnote 4)											√
Aim High Children's Services									√		
Belfast Central School District								√			
Brentwood Union Free School District (footnote 2)		√									√
Central Square Central School District			√								
Cold Spring Harbor Central School District											
Freeport Union Free School District		√									
Glen Cove City School District								√			
Hastings-On-Hudson Union Free School District		√									
Hebrew Institute for the Deaf and Exceptional Children									√		
HTA of New York, Inc.									√		
Island Trees Union Free School District							√				
Livonia Central School District						√					
Lyme Central School District		√									
Onondaga-Cortland-Madison BOCES						√					

Panama Central School District		√										
Phelps-Clifton Springs Central School District		√										
Saint Lawrence-Lewis BOCES												
Sherman Central School District			√									
Sodus Central School District		√										
Southwestern Central School District												
State Education Department (footnote 5)												√
Valley Stream 13 Union Free School District							√					
Vertus Charter School				√		√						
Wantagh Union Free School District		√										
Warsaw Central School District		√										
Waterville Central School District												
Wayne-Finger Lakes BOCES		√				√						
West Genesee Central School District											√	
Whitney Point Central School District						√						
Williamsville Central School District		√										
York Central School District	√											

February 2017	1	12	2	1	1	4	2	2	3	1	5
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Footnotes

Employment Preparation Education	1
New Hires	2
School Lunch Program	3
Special Education	4
Universal Pre-Kindergarten	5

**Audit Report Abstracts
 Regents Committee on Audits/Budget and Finance
 February 2017**

Office of Audit Services		
Audit	Major Finding(s)	Recommendation/Response
<p>Buffalo City School District</p> <p>Buffalo City School District EPE Program EPE-0116-01</p> <p>8th Judicial District</p>	<p>\$5,444 adjustment (0.1% of \$6 million reported in costs)</p> <p>District officials were largely in compliance with EPE regulations. However, intake attendance records showed blocks of contact hours were claimed for 34 of the 42 students selected in the sample and the District did not allocate telephone and internet access charges to buildings between EPE and non-EPE eligible students. The District received \$5,444 in excess EPE aid based on the results of expenditure testing.</p>	<p style="text-align: center;">8 recommendations</p> <p>The report's recommendations focused on District officials clearly documenting the actual amount of time students spend in the intake process, prorating expenditures when they are shared between EPE and non-EPE eligible students or when costs are shared between programs, and repaying \$5,444 in unallowable EPE aid.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>
<p>East Ramapo Central School District</p> <p>School Lunch Fund SD-0516-01</p> <p>9th Judicial District</p>	<p>\$724,616 adjustment (3.4% of \$21.5 million reported in costs)</p> <p>District officials charged \$724,616 (or 13% of the sample) in expenditures to the school lunch program that should not have been reimbursed because they were not approved or were undocumented.</p>	<p style="text-align: center;">5 recommendations</p> <p>The report's recommendations focused on District officials establishing communications with the Department's Child Nutrition Unit to obtain instructions for repaying the \$724,616 that was overbilled and ensuring that adequate supporting documentation is maintained for all expenditures charged to the school lunch fund.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>

**Audit Report Abstracts
Regents Subcommittee on Audits/Budget and Finance
February 2017**

<p>New York City Montessori Charter School</p> <p>Special Education Program CH-0116-01</p> <p>12th Judicial District</p>	<p>\$87,134 adjustment (12.3% of \$709,500 revenue directly related to special education)</p> <p>Montessori officials have controls in place to administer its special education program adequately, but they did not ensure all special education students with an IEP received an annual review. In addition, Montessori overbilled NYCDOE \$87,134 special education services and nine students received special education instruction from teachers who were not certified in special education by New York State.</p>	<p style="text-align: center;">11 recommendations</p> <p>The report's recommendations focused on School officials following up to ensure that all special education students with an IEP have an annual review, providing reconciliations to NYCDOE, repaying \$87,134 that was overbilled, and ensuring teachers who provide special education instruction are appropriately certified or licensed.</p> <p>School officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>
<p>Office of the New York City Comptroller</p>		
Audit	Major Finding(s)	Recommendation/Response
<p>Success Academy Charter School</p> <p>NYC's Oversight of Financial Operations FK15-092A</p> <p>1st Judicial District</p>	<p>\$624,342 adjustment (3.4% of \$18.3 million paid in management fees)</p> <p>Success Academy made duplicative payments to the Network totaling \$624,342 for services the Network was required by the Management Agreement in exchange for its 15 percent management fee.</p>	<p style="text-align: center;">28 recommendations</p> <p>The report's recommendations focused on School officials recouping \$624,342 paid to Network for expenses charged to the School that should have been included in the Network's management fee.</p> <p>School officials disagreed with the report's findings and recommendations.</p>

**Audit Report Abstracts
 Regents Subcommittee on Audits/Budget and Finance
 February 2017**

Office of the New York State Comptroller		
Audit	Major Finding(s)	Recommendation/Response
<p>Aim High Children's Services</p> <p>Compliance With the Reimbursable Cost Manual 2015-S-62</p> <p>1st, 2nd, 11th, 12th, and 13th Judicial Districts</p>	<p>\$616,906 adjustment (6.4% of \$9.7 million reported in reimbursable costs on the CFR)</p> <p>For the three fiscal years ended June 30, 2014; \$616,906 was identified in reported costs that did not comply with the Manual's requirements for reimbursement. The ineligible costs included \$22,139 in personal service costs and \$594,767 in other than personal service costs. Among the disallowed costs was \$8,745, for which the invoice was altered by a consultant at the request of an Aim High executive.</p>	<p style="text-align: center;">5 recommendations</p> <p>The report's recommendations focused on School officials ensuring that costs reported on future CFRs comply with Manual requirements and ensuring that costs charged to SED programs are appropriate and valid.</p> <p>School officials disagreed with the report's findings and recommendations. SED officials agreed with the findings and recommendations except those regarding collaborative agreements.</p>
<p>Belfast Central School District</p> <p>Procurement 2016M-317</p> <p>8th Judicial District</p>	<p>The Board adopted procurement policy does not clearly establish procedures for procuring professional services. In addition, the purchasing agent and claims auditor did not always ensure that purchases were made in compliance with the policy.</p>	<p style="text-align: center;">7 recommendations</p> <p>The report's recommendations focused on the Board and District officials reviewing and revising its procurement policy to clearly require the procurement of professional services through RFPs or written or verbal quotes and requiring the purchasing agent and claims auditor to regularly monitor compliance with the procurement policy.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>

**Audit Report Abstracts
 Regents Subcommittee on Audits/Budget and Finance
 February 2017**

<p>Brentwood Union Free School District</p> <p>Fund Balance and Hiring Practices 2016M-251</p> <p>10th Judicial District</p>	<p>The Board adopted budgets for fiscal years 2012-13 through 2014-15 that appropriated a total of \$60.8 million in fund balance to finance operations, but used only \$5.6 million. In addition, district officials could not provide Board resolutions establishing five reserve funds totaling \$36 million and the Board did not hire the most qualified candidate for the Superintendent position as required by its own policy.</p>	<p style="text-align: center;">12 recommendations</p> <p>The report's recommendations focused on the Board discontinuing the practice of adopting budgets that result in the appropriation of fund balance not needed, ensuring that all reserve funds are properly established by resolution, and the Board adhering to District policy when hiring a Superintendent by choosing the most qualified candidate.</p> <p>District officials disagreed with the report's findings and recommendations.</p>
<p>Central Square Central School District</p> <p>Claims Auditing 2016M-292</p> <p>5th Judicial District</p>	<p>The Board did not ensure that the appointed claims auditor reported to the Board on a monthly basis.</p>	<p style="text-align: center;">1 recommendation</p> <p>The report's recommendation focused on the Board ensuring that the claims auditor reports the results of the claims audit in accordance with previously established Board policy.</p> <p>District officials generally agreed with the report's recommendation and have indicated that they planned to take corrective action.</p>
<p>Cold Spring Harbor Central School District</p> <p>Competitive Quotes 2016M-320</p> <p>10th Judicial District</p>	<p>District officials did not attach sufficient supporting documentation for claims when purchases are made from a government contract.</p>	<p style="text-align: center;">1 recommendation</p> <p>The report's recommendation focused on District officials attaching sufficient documentation to claims to ensure that they receive the correct items and pricing when purchasing goods and services from government contracts.</p> <p>District officials generally agreed with the report's recommendation and have indicated that they planned to take corrective action.</p>

Audit Report Abstracts
Regents Subcommittee on Audits/Budget and Finance
February 2017

<p>Freeport Union Free School District</p> <p>Financial Condition 2016M-300</p> <p>10th Judicial District</p>	<p>The District's unrestricted fund balance was 12 percent of the ensuing year's budget, or more than three times the legal limit. In addition, the Board appropriated an average of \$8.7 million each year to finance operations for the 2013-14 through 2015-16 fiscal years but did not use any of the appropriated fund balance and could not provide Board resolutions establishing 2 of 5 reserves.</p>	<p style="text-align: center;">7 recommendations</p> <p>The report's recommendations focused on the Board and District officials developing a written plan to reduce the level of unrestricted fund balance to legal limits, discontinuing the practice of adopting budgets that result in the appropriation of unrestricted fund balance not needed, and ensuring that each reserve is established by Board resolution.</p> <p>District officials disagreed with the report's findings and recommendations.</p>
<p>Glen Cove City School District</p> <p>Portable Electronic Devices and Conflict of Interest 2016M-285</p> <p>10th Judicial District</p>	<p>The District has no written policy for notifying the IT office of new hires, keeping track of equipment assigned to employees, and collecting equipment when an employee leaves District employment. In addition, the District's inventory of portable electronic devices lacked key information and a Board member had a prohibited interest in District contracts.</p>	<p style="text-align: center;">5 recommendations</p> <p>The report's recommendations focused on developing and implementing policies and procedures to properly account for portable electronic devices issued to new hires and employees who leave District service and ensuring that an inventory with all computer equipment is maintained that includes the assigned users for each device and relevant information pertaining to each asset.</p> <p>District officials generally agreed with the report's recommendation and have indicated that they planned to take corrective action.</p>

Audit Report Abstracts
Regents Subcommittee on Audits/Budget and Finance
February 2017

<p>Hastings-On-Hudson Union Free School District</p> <p>Financial Condition 2016M-275</p> <p>9th Judicial District</p>	<p>The District used only about 2 percent of the fund balance appropriated to fund operations from 2010-11 through 2014-15 and the Board overfunded reserves by \$4.7 million (88 percent of total reserves) as of June 30, 2015.</p>	<p style="text-align: center;">2 recommendations</p> <p>The report's recommendations focused on the Board discontinuing the practice of adopting budgets that result in the appropriation of unrestricted fund balance that will not be used and reviewing reserves to determine if the amounts reserved are necessary and reasonable.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>
<p>Hebrew Institute for the Deaf and Exceptional Children</p> <p>Compliance With the Reimbursable Cost Manual 2015-S-67</p> <p>2nd Judicial District</p>	<p>\$774,122 adjustment (7% of \$11 million reported in reimbursable costs on the CFR)</p> <p>For the three fiscal years ended June 30, 2014, \$774,122 was identified in costs that did not comply with the Manual's requirements for reimbursement. These ineligible costs included \$624,868 in personal service costs and \$149,254 in other than personal service costs.</p>	<p style="text-align: center;">3 recommendations</p> <p>The report's recommendations focused on Hebrew Institute's officials ensuring that costs reported on future CFRs comply with all Manual requirements.</p> <p>School officials disagreed with the report's findings and recommendations. SED officials agreed with the findings and recommendations.</p>

**Audit Report Abstracts
Regents Subcommittee on Audits/Budget and Finance
February 2017**

<p>HTA of New York</p> <p>Compliance With the Reimbursable Cost Manual 2016-S-36</p> <p>9th Judicial District</p>	<p>\$28,952 adjustment (1.1% of \$2.7 million reported in reimbursable costs on the CFR)</p> <p>For the year ended June 30, 2014, \$28,952 in costs was identified that did not comply with the RCM's requirements for reimbursement. The ineligible costs included \$22,207 in other than personal service (OTPS) costs and \$6,745 in personal service costs.</p>	<p style="text-align: center;">3 recommendations</p> <p>The report's recommendations focused on school officials ensuring that costs reported on annual CFRs fully comply with SED's requirements, and communicating with SED to obtain clarification as needed.</p> <p>School officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>
<p>Island Trees Union Free School District</p> <p>Overtime 2016M-389</p> <p>10th Judicial District</p>	<p>The District does not have written overtime procedures, and employees are not required to obtain written approval prior to working overtime.</p>	<p style="text-align: center;">1 recommendation</p> <p>The report's recommendation focused on District officials developing and implementing formal written procedures to properly control and monitor overtime.</p> <p>School officials agreed with the report's recommendation and have indicated that they planned to take corrective action.</p>

**Audit Report Abstracts
 Regents Subcommittee on Audits/Budget and Finance
 February 2017**

<p>Livonia Central School District</p> <p>Software Management 2016M-293</p> <p>7th Judicial District</p>	<p>The Board’s acceptable-use policies do not detail practices for enforcement, such as monitoring computer use and reviewing installed software, or include specific penalties for noncompliance. In addition, District officials and IT staff did not maintain a comprehensive software inventory of District-owned software programs and their applicable licenses.</p>	<p style="text-align: center;">5 recommendations</p> <p>The report’s recommendations focused on the Board updating the acceptable-use policies to include specific guidance related to software downloads and installations as well as enforcement and maintaining a complete, comprehensive software inventory of all software and the total number of licenses for each specific type of software.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>
<p>Lyme Central School District</p> <p>Financial Condition 2016M-383</p> <p>5th Judicial District</p>	<p>The Board overestimated appropriations for 2014-15 and 2015-16 by an average of \$1 million and District officials did not maintain fund balance in accordance with statutory requirements.</p>	<p style="text-align: center;">2 recommendations</p> <p>The report’s recommendations focused on the Board adopting budgets that represent the District’s actual needs and ensuring that the amount of the District’s unrestricted fund balance complies with the statutory limit.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>
<p>Onondaga-Cortland-Madison BOCES</p> <p>Managed Technical Support 2016M-299</p> <p>5th and 6th Judicial Districts</p>	<p>The BOCES reported aidable expenditures to SED for 62.7 full-time equivalent district-based staff who were not eligible for aid reimbursement because they were not shared by two or more districts. In addition, the BOCES did not charge all districts for services using the approved full-time equivalent method.</p>	<p style="text-align: center;">3 recommendations</p> <p>The report’s recommendations focused on BOCES officials ensuring that aidable expenditures reported to SED are for services that were adequately shared and ensuring that all services provided to districts are properly billed.</p> <p>BOCES officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>

**Audit Report Abstracts
Regents Subcommittee on Audits/Budget and Finance
February 2017**

<p>Ontario-Seneca-Yates-Cayuga-Wayne BOCES</p> <p>Multiyear Planning and Software Management 2016M-249</p> <p>7th Judicial District</p>	<p>BOCES officials did not adequately develop or use multiyear planning and have not developed plans that adequately describe their intentions for accumulating, maintaining, and using reserve funds. In addition, although a previous OSC audit indicated the retiree health insurance reserve was improper, BOCES officials did not take corrective action to return funds to the participating districts.</p>	<p style="text-align: center;">12 recommendations</p> <p>The report’s recommendations focused on the Board and BOCES officials developing and adopting a formal, documented, multiyear financial plan for a three- to five-year period; continually updating plans based on changes that have occurred; adopting a reserve plan that addresses the accumulation, use, and maintenance of reserve funds; and returning excess reserve balances to participating school districts.</p> <p>BOCES officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>
<p>Panama Central School District</p> <p>Financial Management 2016M-271</p> <p>8th Judicial District</p>	<p>From 2012-13 through 2014-15, unrestricted fund balance at fiscal year-end exceeded the statutory limit by 12 to 13 percentage points.</p>	<p style="text-align: center;">1 recommendation</p> <p>The report’s recommendation focused on the Board and District officials ensuring that unrestricted fund balance complies with the statutory limit and developing a plan to use the surplus funds to benefit residents.</p> <p>District officials generally agreed with the report’s recommendation and have indicated that they planned to take corrective action.</p>

**Audit Report Abstracts
 Regents Subcommittee on Audits/Budget and Finance
 February 2017**

<p>Phelps-Clifton Springs Central School District</p> <p>Financial Condition 2016M-269</p> <p>7th Judicial District</p>	<p>The Board did not adopt realistic budgets or ensure that reserves were reasonably funded, District officials consistently overestimated expenditures during the last five fiscal years (2010-11 through 2014-15), the retirement contribution reserve was overfunded, and the employee benefit accrued liability reserve was fully funded, but not used.</p>	<p style="text-align: center;">3 recommendations</p> <p>The report’s recommendations focused on the Board and District officials developing realistic estimates of expenditures; using fund balance in the annual budget; and reviewing all reserve balances to determine if the amounts reserved are necessary, reasonable and in compliance with statutory requirements.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>
<p>Saint Lawrence-Lewis BOCES</p> <p>Payroll 2016M-371</p> <p>4th Judicial District</p>	<p>BOCES officials established and adhered to good procedures for processing and verifying payroll payments.</p>	<p>There were no recommendations.</p>
<p>Sherman Central School District</p> <p>Claims Processing 2016M-352</p> <p>8th Judicial District</p>	<p>The Board and District officials have not developed adequate written policies and procedures governing the claims processing function and the Board did not develop a comprehensive job description that outlines the claims auditor’s expectations and requirements.</p>	<p style="text-align: center;">4 recommendations</p> <p>The report’s recommendations focused on the Board and District officials developing comprehensive written policies and procedures describing the claims audit process and developing a comprehensive job description that explains expectations and includes specific guidance and requirements.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>

Audit Report Abstracts
Regents Subcommittee on Audits/Budget and Finance
February 2017

<p>Sodus Central School District</p> <p>Financial Management 2016M-392</p> <p>7th Judicial District</p>	<p>For fiscal years 2012-13 through 2015-16, operations resulted in 84 percent of appropriated fund balance remaining unused because of overestimated expenditures. In addition, the District does not have a written plan detailing the appropriate and necessary levels for reserve funds and how they are to be monitored, analyzed, and maintained.</p>	<p style="text-align: center;">5 recommendations</p> <p>The report's recommendations focused on the Board discontinuing the practice of adopting budgets that result in the appropriation of fund balance and reserve funds that will not be used and adopting an adequate reserve plan which includes the District's intentions for the long-term accumulation and use of reserve funds.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>
<p>Southwestern Central School District</p> <p>Claims Processing 2016M-356</p> <p>8th Judicial District</p>	<p>The Board delegated its responsibility to a claims auditor who generally ensured claims were adequately supported, properly audited before payment and in compliance with District policies.</p>	<p>There were no recommendations.</p>
<p>State Education Department</p> <p>Universal Pre-Kindergarten Program: Monitoring of Health and Safety Requirements 2016-S-10</p>	<p>The Department does not directly monitor UPK providers for health and safety. Instead, the Department relies on the school district operating the UPK program, or the Office of Children and Family Services, to ensure that UPK providers are complying with health and safety requirements.</p>	<p style="text-align: center;">2 recommendations</p> <p>The report's recommendations focused on State Education officials developing requirements and issuing formal guidance for school districts to follow when performing health and safety inspections of UPK facilities and implementing a structured system to monitor school districts' oversight and inspections of health and safety compliance of all UPK providers.</p> <p>SED officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>

**Audit Report Abstracts
Regents Subcommittee on Audits/Budget and Finance
February 2017**

<p>Valley Stream Union Free School District #24</p> <p>Leave Accruals and Separation Payments 2016M-335</p> <p>10th Judicial District</p>	<p>District officials did not always account for employees' leave accruals in accordance with applicable agreements and do not have written policies or procedures in place to provide guidance to employees and District officials to ensure that separation payment calculations are reviewed, approved, accurate, and sufficiently supported.</p>	<p style="text-align: center;">5 recommendations</p> <p>The report's recommendations focused on establishing and implementing procedures for the review and periodic reconciliation of employees' leave accrual balances and developing and adopting procedures to ensure that separation payment calculations are documented, adequately supported, approved, and consistent with Board-adopted agreements.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>
<p>Vertus Charter School</p> <p>Conflict of Interest and Information Technology 2016M-344</p> <p>7th Judicial District</p>	<p>The Board did not ensure that School officials and employees did not have a prohibited interest in the School's contracts. In addition, certain provisions of the School's bylaws and code of ethics appear to be inconsistent with the School's charter and General Municipal Law (GML), and the Board and School officials have not implemented appropriate information technology (IT) policies and procedures.</p>	<p style="text-align: center;">5 recommendations</p> <p>The report's recommendations focused on the Board and School officials consulting with the School's legal counsel to address inconsistencies between the School's bylaws code of ethics and its charter and GML, and adopting comprehensive policies governing the School's IT operations including, but not limited to, user access, acceptable use and breach notification.</p> <p>School officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>

Audit Report Abstracts
Regents Subcommittee on Audits/Budget and Finance
February 2017

<p>Wantagh Union Free School District</p> <p>Financial Condition 2016M-363</p> <p>10th Judicial District</p>	<p>The Board and District officials did not always effectively manage the District’s financial condition by ensuring budget estimates were reasonable and adopting realistic budgets based on historical costs and trends.</p>	<p style="text-align: center;">5 recommendations</p> <p>The report’s recommendations focused on the Board and District officials discontinuing the practice of adopting budgets that result in the appropriation of unrestricted fund balance not needed and revising the District’s Fiscal Management Goals policy to require the unrestricted fund balance to be maintained at the statutory level.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>
<p>Warsaw Central School District</p> <p>Financial Management 2016M-278</p> <p>8th Judicial District</p>	<p>The Board and District officials annually appropriated portions of fund balance toward the subsequent year’s budget that were not used due to a practice of overestimating appropriations and three reserves totaling approximately \$3.8 million were overfunded.</p>	<p style="text-align: center;">7 recommendations</p> <p>The report’s recommendations focused on the Board and District officials developing annual budgets with realistic estimates of appropriations and appropriated fund balance and reserves, and reviewing all reserves at least annually to determine if the amounts reserved are necessary and reasonably funded.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>

Audit Report Abstracts
Regents Subcommittee on Audits/Budget and Finance
February 2017

<p>Waterville Central School District</p> <p>Criminal History Background Checks 2016M-23</p> <p>5th and 6th Judicial Districts</p>	<p>District officials properly performed criminal history background checks, which helped ensure the safety of their students.</p>	<p>There were no recommendations.</p>
<p>West Genesee Central School District</p> <p>Segregation of Duties 2016M-303</p> <p>5th Judicial District</p>	<p>The District has not established written policies or procedures for the cash receipts process at the Business Office or for the Food Service Department; key duties of cash handling, recordkeeping, and reconciliation are concentrated with one position; and there was no process in place for someone independent from the recordkeeping function to verify that funds were deposited.</p>	<p style="text-align: center;">3 recommendations</p> <p>The report's recommendations focused on the Board and District officials developing and implementing cash receipts policies and procedures, segregating duties, and ensuring sufficient management oversight is in place within the cash receipts process.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>

**Audit Report Abstracts
Regents Subcommittee on Audits/Budget and Finance
February 2017**

<p>Whitney Point Central School District</p> <p>Extra-Classroom Activities 2016M-282</p> <p>6th Judicial District</p>	<p>The Board did not establish adequate policies and procedures to ensure receipts from all events were deposited; the treasurer did not ensure the faculty advisors followed the established, informal procedures; and a faculty advisor improperly deposited the money from a number of fundraisers into her personal account before remitting to the treasurer.</p>	<p style="text-align: center;">3 recommendations</p> <p>The report’s recommendations focused on the Board and District officials updating policies, establishing procedures and ensuring that policies and procedures are followed to provide assurance that money is properly safeguarded.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>
<p>Williamsville Central School District</p> <p>Financial Management 2016M-274</p> <p>8th Judicial District</p>	<p>For the 2012-13 through 2015-16 fiscal years, District officials appropriated \$21.7 million of unrestricted fund balance to help finance operations, which was not needed because the District produced operating surpluses; and the reserve fund policy did not adequately address how reserves would be funded and used.</p>	<p style="text-align: center;">4 recommendations</p> <p>The report’s recommendations focused on the Board and District officials ensuring budgets include realistic appropriations based on actual needs and ensuring that estimates in the annual budget for the planned use of fund balance are accurate and reasonable.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>

**Audit Report Abstracts
 Regents Subcommittee on Audits/Budget and Finance
 February 2017**

<p>York Central School District</p> <p>Online Banking 2016M-295</p> <p>7th Judicial District</p>	<p>Although the District’s policy indicates that it has a written online banking agreement with its bank, District officials were not aware of any agreements regarding online banking, and District officials did not develop written procedures for online banking activities.</p>	<p style="text-align: center;">6 recommendations</p> <p>The report’s recommendations focused on District officials ensuring there are sufficient written agreements with any banks, establishing written online banking procedures as specified in the Board policy, and ensuring employees receive internet security awareness training.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>
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