



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

TO: Audits/Budget and Finance Committee
FROM: Sharon Cates-Williams *Sharon Cates-Williams*
SUBJECT: Board of Regents Oversight of Financial Accountability
DATE: November 3, 2016
AUTHORIZATION(S): *Margaret 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

For information.

Proposed Handling

Discussion and guidance.

Procedural History

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

Background Information

Completed Audits including the Report of the Internal Audit Workgroup

The Committee is being presented with 54 audits this month. (Attachments I & II)

Audits are provided as follows:

Office of the State Comptroller

Adirondack Central School District
Amherst Central School District
Barker Central School District
Beaver River Central School District
Cattaraugus-Allegany-Erie-Wyoming BOCES
Cheektowaga Central School District
Clymer Central School District
Dutchess County BOCES
Eastern Suffolk BOCES
Evergreen Charter School
Farmingdale Union Free School District
Frankfort-Schuyler Central School District
Friendship Central School District
Greenburgh Central School District
Greenville Central School District
Half Hollow Hills Central School District
Hammondsport Central School District
Harrisville Central School District
Hilton Central School District
Honeoye Falls-Lima Central School District
Horseheads Central School District
Kidz Therapy Services
LaFargeville Central School District
Long Beach City School District
Lynbrook Union Free School District
Marcellus Central School District
Metropolitan College of New York
Mexico Academy and Central School District
Morristown Central School District
North Collins Central School District
North Salem Central School District
Ogdensburg City School District
Orleans Niagara BOCES
Oswego City School District
Oswego County BOCES
Patchogue-Medford Union Free School District
Pittsford Central School District

Putnam-Northern Westchester BOCES
Raquette Lake Union Free School District
Renaissance Academy Charter School of the Arts
Roslyn Union Free School District
Sag Harbor Union Free School District
Scarsdale Union Free School District
Smithtown Central School District
Southampton Union Free School District
The State Education Department – Aspects of Migrant Education Program
The State Education Department – School Fire Safety
The State Education Department and The Department of Health (DOH)
Sweet Home Central School District
The ARC of Ulster-Greene
Valley Stream Thirteen Union Free School District
West Babylon Union Free School District
West Irondequoit Central School District
Western Suffolk BOCES

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
November 2016
Review of Audits Presented
Department's Internal Audit Workgroup**

Newly Presented Audits

The Department's Internal Audit Workgroup reviewed fifty-four audits that are being presented to the Committee this month. All fifty-four were issued by the Office of the State Comptroller (OSC). Thirty-nine audits were of school districts, seven BOCES, two of the State Education Department, one of the State Education Department and the Department of Health, one college, two charter schools, and two providers of special education services.

The findings were in the areas of budget and financial reporting, capital construction, cash, claims processing, employee and contractor finger printing, information technology, non-resident student tuition, payroll/leave accruals, procurement, Reimbursable Cost Manual compliance, reserve funds, school fire and safety, school lunch program, segregation of duties, student immunizations, and Tuition Assistance Program (TAP).

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 reviewed all of the audits and identified the audit of the State Education Department – Oversight of School Fire Safety Compliance to bring to the Committee's attention for informational purposes.

November 2016
Regents Audits/Budget and Finance Committee Meeting
Summary of Audits Requiring Specific Attention

| Audit Summary | Recommendation/Response |
|--|--|
| <p>State Education Department – Oversight of School Fire Safety Compliance</p> <ul style="list-style-type: none"> • OSC Audit • Auditors visited 25 schools and found many did not complete the required number of fire drills; they also found that emergency evacuation plans at six schools did not include procedures to address evacuation of students who have disabilities or special needs. • Almost 50 percent of the total number of private schools did not submit required inspection reports for the 2015-16 school year. • The Department’s electronic reporting system has not been verified for accuracy and lacks reporting capabilities to monitor school compliance. | <p>The report’s recommendations focused primarily on SED officials developing a risk-based approach for verifying, by site visit or other means, whether information provided in fire inspection report is accurate and schools are complying with fire safety requirements.</p> <p>SED officials generally agreed with the report’s recommendations and have indicated that they planned corrective action.</p> <p><u>Next Steps</u></p> <p>SED officials are working on improving the system to do risk-based analysis on district submissions to focus on problem areas that may be worthy of follow up, including site visits and reviews of records of emergency drills by our safety team. In addition, the new system will allow the automatic generation of reminder letters, and improve access to data on public school submissions.</p> <p>Lastly, SED Officials are collaborating on school safety with local public school districts and BOCES, non-public school leaders, local law enforcement, other first responders, and other state agencies, such as the New York State Police, the Department of State and the New York State Division of Homeland Security and Emergency Services to develop a cohesive strategy for student safety.</p> |

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

| Audit | Budgeting/Financial Reporting | Capital Construction | Cash | Claims Processing | Information Technology | Payroll/Leave Accrual | Procurement | Reimbursable Cost Manual Compliance | Segregation of Duties | Tuition Assistance Program (TAP) | Other |
|---|-------------------------------|----------------------|------|-------------------|------------------------|-----------------------|-------------|-------------------------------------|-----------------------|----------------------------------|-------|
| Adirondack Central School District | √ | | | | | | | | | | |
| Amherst Central School District | √ | | | | | | | | | | |
| Barker Central School District | | | | | | | √ | | | | |
| Beaver River Central School District | | | | | | √ | | | | | |
| Cattaraugus-Allegany-Erie-Wyoming BOCES | √ | | | | | | | | | | |
| Cheektowaga Central School District | | | | | | √ | | | | | |
| Clymer Central School District | √ | | | | | | | | | | |
| Dutchess County BOCES | | | | | √ | | | | | | |
| Eastern Suffolk BOCES | | | | | | | √ | | | | |
| Evergreen Charter School (footnote 1) | | | | | | | | | | | √ |
| Farmingdale Union Free School District | √ | | | | | | | | | | |
| Frankfort-Schuyler Central School District | √ | | | | | | | | | | |
| Friendship Central School District | | | | | | | √ | | | | |
| Greenburgh Central 7 School District (footnote 3) | | | | | | √ | | | | | √ |
| Greenville Central School District | | | | | √ | | | | | | |
| Half Hollow Hills Central School District | | | | | | | √ | | | | |
| Hammondsport Central School District (footnote 2) | | | | | | | | | | | √ |
| Harrisville Central School District | | | | √ | | | | | | | |

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| Hilton Central School District | | | | | | √ | | | | | |
| Honeoye Central School District | √ | | | | | | √ | | | | |
| Horseheads Central School District | √ | | | | | | | | | | |
| Kidz Therapy Services | | | | | | | | | √ | | |
| LaFargeville Central School District | √ | | | | | | | | | | |
| Long Beach City School District | | | √ | | | | | | | | |
| Lynbrook Union Free School District | | | | | | | | | √ | | |
| Marcellus Central School District | | | | | | | √ | | | | |
| Metropolitan College of New York | | | | | | | | | | √ | |
| Mexico Academy and Central School District | √ | | | | | | | | | | |
| Morristown Central School District | | | | √ | | | | | | | |
| North Collins Central School District | √ | | | | | | | | | | |
| North Salem Central School District | | | | | | √ | | | | | |
| Ogdensburg City School District | | | | | | √ | | | | | |
| Orleans Niagara BOCES | √ | | | | | | | | | | |
| Oswego City School District (footnote 2) | √ | | | | | | | | | | √ |
| Oswego County BOCES | | | | | | √ | | | | | |
| Patchogue-Medford Union Free School District | | | | | | √ | | | | | |
| Pittsford Central School District | | | √ | | √ | | | | | | |
| Putnam-Northern Westchester BOCES | | | | √ | √ | | | | | | |
| Raquette Lake Union Free School District | √ | | | | | | | | | | |
| Renaissance Charter School (The) | √ | | | | | | | | | | |
| Roslyn Union Free School District | | | √ | | | | | | | | |
| Sag Harbor Union Free School District | | | √ | | | | | | √ | | |
| Scarsdale Union Free School District | | | | | √ | | | | | | |
| Smithtown Central School District | | √ | | | | | | | | | |
| Southampton Union Free School District | | | | √ | | | | | | | |
| State Education Department – Migrant Program | | | | | | | | | | | |
| State Education Department – Fire Safety (footnote 4) | | | | | | | | | | | √ |
| State Education Department and Department of Health – Immunization (footnote 6) | | | | | | | | | | | √ |

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| Sweet Home Central School District | √ | | | | | | | | | | | |
| The ARC of Ulster-Greene | | | | | | | | √ | | | | |
| Valley Stream 13 Union Free School District | | | | | | | √ | | | | | |
| West Babylon Union Free School District (footnote 5) | | | | | | | | | | | | √ |
| West Irondequoit Central School District | √ | | | | | √ | | | | | | |
| Western Suffolk BOCES | √ | | | | | | √ | | | | | |
| | 18 | 1 | 4 | 4 | 5 | 9 | 8 | 2 | 2 | 1 | 7 | |

- Employee and Independent Contractor Finger Printing 1
- Non-Resident Student tuition 2
- Reserve Funds 3
- School Fire Safety Compliance 4
- School Lunch Program 5
- Student Immunization 6

Summary of Current and Prior Audit Findings

| | July 2016 | August 2016 | September 2016 | October 2016 | November 2016 | Running Total |
|---|--------------|----------------|-------------------|-----------------|------------------|------------------|
| Banking | 0 | 0 | 0 | 0 | 0 | 0 |
| Budgeting/Financial Reporting | 13 | 44 | 16 | 9 | 9 | 91 |
| Capital Assets | 0 | 1 | 0 | 0 | 0 | 1 |
| Capital Construction | 0 | 0 | 0 | 1 | 0 | 1 |
| Cash | 0 | 3 | 0 | 4 | 0 | 7 |
| Charter School Management/Tuition | 0 | 0 | 0 | 0 | 0 | 0 |
| Claims Processing | 2 | 3 | 0 | 2 | 1 | 8 |
| Conflict of Interest/Internal Controls | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Reliability (Graduation, Attendance, etc.) | 0 | 0 | 0 | 0 | 0 | 0 |
| Extraclassroom Activity Fund | 0 | 2 | 1 | 0 | 0 | 3 |
| Fuel Accountability/Energy Management | 0 | 2 | 0 | 0 | 0 | 2 |
| Grant Reporting Compliance | 0 | 0 | 0 | 0 | 0 | 0 |
| Information Technology | 0 | 3 | 2 | 2 | 3 | 10 |
| Payroll/Leave Accruals | 7 | 5 | 6 | 6 | 3 | 27 |
| Procurement | 4 | 6 | 8 | 4 | 2 | 24 |
| Reimbursable Cost Manual Compliance | 3 | 0 | 2 | 0 | 2 | 7 |
| Segregation of Duties | 3 | 2 | 0 | 2 | 0 | 7 |
| Tuition Assistance Program (TAP) | 0 | 0 | 0 | 1 | 0 | 1 |
| Other | 10 | 20 | 8 | 2 | 5 | 45 |
| Total | 42 | 91 | 43 | 33 | 25 | 234 |

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

Definitions of Categories

Banking – includes findings related to electronic banking.

Budgeting/Financial Reporting – includes budget reviews required for school districts that have received approval for deficit financing; poor expenditure and revenue projections; and inaccurate accounting statements, such as, an overstated fund balance, fund balance exceeding the legal limit, general fund transfers without Board and/or voter approval, and improper use of accrued liability reserve funds.

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

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

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

Charter School Management/Tuition – includes findings related to audits of charter schools management.

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.

Conflict of Interest/Internal Controls – 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.

Data Reliability/Attendance/Grade Changes – includes findings related to cohort data, graduation rates, drop out data, attendance, and grade changes.

Extra-Classroom Activities – includes poor accounting over funds and no documentation of expenses.

Fuel Accountability/Energy Management – includes findings and observations relate to school districts use of energy and measures to reduce such use.

Grant Reporting/Compliance – includes findings related to grant reporting and compliance.

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

Medicaid Revenue – includes failure to significantly document eligible services or to claim reimbursement.

Payroll/Leave Accruals – 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.

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.

Reimbursable Cost Manual Compliance – includes findings related to audits of special education providers.

School Lunch Fund – includes findings related to the administration of the School Lunch Fund.

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

Tuition Assistance Program – includes instances of TAP payments being received for students that did not meet the eligibility criteria.

Other – includes findings related to Violent and Disruptive Incident Reporting (VADIR), Employment Preparation Education (EPE), migrant education program, community college safety reporting, and separation benefits in various audit reports.

**Audit Report Abstracts
Regents Subcommittee on Audits/Budget and Finance
November 2016**

| Office of the State Comptroller | | |
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| Audit | Major Finding(s) | Recommendation/Response |
| <p>Adirondack Central School District</p> <p>Financial Condition 2016M-184</p> <p>5th Judicial District</p> | <p>The Board adopted budgets with planned operating deficits from 2012-13 through 2014-15 and a \$2.2 million decline in the general fund balance.</p> | <p style="text-align: center;">5 recommendations</p> <p>The report’s recommendations focused primarily on the Board and District officials needing to carefully consider the amount of available fund balance and reserves appropriated to fund future budgets and ensuring that a reasonable amount of unrestricted fund balance is retained.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Amherst Central School District</p> <p>Financial Condition 2016M-167</p> <p>8th Judicial District</p> | <p>The Board did not appropriately budget for certain expenditures totaling approximately \$1.4 million (2.6 percent of 2015-16 appropriations) and did not properly monitor spending during the year.</p> | <p style="text-align: center;">3 recommendations</p> <p>The report’s recommendations focused primarily on the Board conducting a careful and thorough review of the monthly budget status reports and reviewing fund balance projections to develop the ensuing year’s budget and to monitor the District’s financial condition; and ensuring that reserve fund balances are maintained at reasonable levels.</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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|---|---|---|
| <p>Barker Central School District</p> <p>Purchasing 2016M-208</p> <p>8th Judicial District</p> | <p>District officials did not consistently document that they obtained materials, supplies and services at the lowest cost in the best interest of the District's residents.</p> | <p style="text-align: center;">2 recommendations</p> <p>The report's recommendations focused primarily on the Board revising its purchasing policy to indicate when competitive quotes are required and describe the documentation that should be attached to each claim.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Beaver River Central School District</p> <p>Payroll 2016M-247</p> <p>5th Judicial District</p> | <p>District officials have established adequate procedures to ensure the accuracy of salaries and wages paid to employees.</p> | <p>There were no recommendations.</p> |
| <p>Cattaraugus-Allegany-Erie-Wyoming BOCES</p> <p>Financial Management 2016M-77</p> <p>8th Judicial District</p> | <p>The Board and BOCES officials consistently overestimated appropriations, from fiscal years 2012-13 through 2014-15, by an average of \$4.4 million per year exceeding statutory limits. In addition, BOCES increased its reserves without adequate disclosure to the public.</p> | <p style="text-align: center;">5 recommendations</p> <p>The report's recommendations focused primarily on the BOCES developing reasonable budget appropriation estimates and developing a comprehensive written policy or plan for establishing, funding and, using reserve funds.</p> <p>BOCES officials disagreed with the report's recommendations.</p> |

**Audit Report Abstracts
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| <p>Cheektowaga Central School District</p> <p>Employee Compensation and Benefit Payments 2016M-197</p> <p>8th Judicial District</p> | <p>The Board has not adopted a payroll policy and District officials have not established specific procedures to provide guidance and ensure that employee compensation and benefit payments are accurate, properly approved and supported.</p> | <p style="text-align: center;">3 recommendations</p> <p>The report's recommendations focused on the Board and District officials establishing and adopting a written payroll policy; the Board approving employee compensation and benefits; and ensuring that letters of employment clearly evidence this approval.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Clymer Central School District</p> <p>Financial Management 2016M-187</p> <p>8th Judicial District</p> | <p>The Board and District officials allowed unrestricted fund balance to exceed the statutory limit from 2012-13 through 2014-15, overfunding two reserve funds.</p> | <p style="text-align: center;">4 recommendations</p> <p>The report's recommendations focused primarily on the Board and District officials ensuring that unrestricted fund balances are in compliance with the statutory limit; developing a plan to use the surplus funds as a financing source; and reviewing all reserves at least annually to determine if the amounts 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>Dutchess County BOCES</p> <p>User Access Rights 2016M-213</p> <p>9th Judicial District</p> | <p>BOCES officials have not implemented appropriate access controls and did not implement procedures to delete inactive employees from the active directory and the accounting system on a timely basis.</p> | <p style="text-align: center;">2 recommendations</p> <p>The report's recommendations focused primarily on BOCES officials ensuring that access to the vendor module is given to specific users based on their job descriptions and responsibilities.</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
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| <p>Eastern Suffolk BOCES</p> <p>Purchasing 2016M-194</p> <p>10th Judicial District</p> | <p>BOCES officials purchased goods and services and disposed of assets in accordance with policies and statutory requirements.</p> | <p>There were no recommendations.</p> |
| <p>Evergreen Charter School</p> <p>Employee and Independent Contractor Fingerprinting 2016M-225</p> <p>10th Judicial District</p> | <p>The Board has not established a fingerprinting policy and School officials allowed employees and independent contractors to be hired and have contact with students prior to receiving fingerprint clearances.</p> | <p style="text-align: center;">3 recommendations</p> <p>The report’s recommendations focused on School officials establishing a fingerprinting policy including procedures for new employees, emergency and conditional hires, and independent contractors.</p> <p>School officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Farmingdale Union Free School District</p> <p>Financial Condition 2016M-235</p> <p>10th Judicial District</p> | <p>The Board adopted budgets for fiscal years 2011-12 through 2014-15 that appropriated a total of \$28 million in fund balance to finance operations. However, they underestimated revenues and overestimated appropriations creating a surplus.</p> | <p style="text-align: center;">3 recommendations</p> <p>The report’s recommendations focused primarily on the Board and District officials adopting budgets that represent the District’s actual needs based on available current information and historical data; and reducing the amount of unrestricted balance and using excess funds in a manner that benefits District residents.</p> <p>District officials disagreed with the report’s findings and recommendations.</p> |

**Audit Report Abstracts
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| <p>Frankfort-Schuyler Central School District</p> <p>Financial Management 2016M-226</p> <p>5th Judicial District</p> | <p>District officials did not adopt budgets based on historical or known trends but instead overestimated expenditures by almost \$2.7 million over the last four fiscal years (2011-12 through 2014-15) resulting in operating surpluses.</p> | <p style="text-align: center;">8 recommendations</p> <p>The report’s recommendations focused primarily on the Board developing estimates of expenditures and the use of fund balance in the annual budget based on historical and known trends; and ensuring that the amount of the District’s unrestricted fund balance is in compliance 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>Friendship Central School District</p> <p>Procurement 2016M-175</p> <p>8th Judicial District</p> | <p>District officials did not 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 requirements of this policy or require District officials to properly document compliance when they sought competition.</p> | <p style="text-align: center;">4 recommendations</p> <p>The report’s recommendations focused on the Board and District officials reviewing and revising its procurement policy to include clear language addressing the procurement of professional services; and ensuring that appropriate documentation, such as quotes, bids, and proposals are retained and available for review.</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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| <p>Greenburgh Central School District</p> <p>Payroll and Reserve Funds 2016M-242</p> <p>9th Judicial District</p> | <p>District officials have not provided employees with written procedures over payroll. In addition, District officials did not adequately segregate payroll duties or establish sufficient compensating controls. There was no evidence that the Board periodically assessed four of the six reserves for necessity.</p> | <p style="text-align: center;">9 recommendations</p> <p>The report’s recommendations focused on the Board and District officials developing written payroll-processing procedures for employees to follow; implementing compensating controls to address the lack of segregation of duties in the payroll process; and adopting a reserve fund policy that addresses the funding and use of all 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>Greenville Central School District</p> <p>Information Technology 2016M-221</p> <p>3rd Judicial District</p> | <p>The Board and District officials have not ensured internal controls over IT are appropriately designed and operating effectively. The Board did not establish adequate IT policies and procedures. District officials did not maintain accurate and up-to-date IT hardware inventory records.</p> | <p style="text-align: center;">6 recommendations</p> <p>The report’s recommendations focused primarily on the Board updating the District’s acceptable use policy to include the use of personal devices and acceptable use of District assets; developing IT policies for breach notification; and establishing an inventory policy that defines procedures for tagging assets, maintaining an inventory listing, and performing periodic physical inventories.</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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| <p>Half Hollow Hills Central School District</p> <p>Procurement 2016M-239</p> <p>10th Judicial District</p> | <p>The District procured goods and services in accordance with its policy and the statutory requirements.</p> | <p>There were no recommendations.</p> |
| <p>Hammondsport Central School District</p> <p>Nonresident Tuition 2016M-248</p> <p>6th and 7th Judicial Districts</p> | <p>The Treasurer of the District did not use correct attendance dates when calculating tuition bills for all students. As a result, two home districts were under-billed by \$5,078 and one home district was over-billed by \$638.</p> | <p style="text-align: center;">2 recommendations</p> <p>The report’s recommendations focused primarily on the District implementing procedures specifying the method to be used to determine the attendance dates of nonresident students placed at the District; and the Treasurer issuing corrected bills to the home districts for the identified errors.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Harrisville Central School District</p> <p>Claims Audit 2016M-215</p> <p>4th and 5th Judicial Districts</p> | <p>The District paid some claims without the prior approval of the responsible claims auditor. In addition, the claims auditor approved payments for non-BOCES claims without adequate supporting documentation that lacked sufficient evidence showing that the goods or services were received; and some purchases exceeded the authorized purchase order amounts.</p> | <p style="text-align: center;">5 recommendations</p> <p>The report’s recommendations focused on the Board and District officials ensuring that all claims contain sufficient supporting documentation before approving the claims for payment.</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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| <p>Hilton Central School District</p> <p>Payroll and Leave Accruals 2016M-220</p> <p>7th Judicial District</p> | <p>District officials allowed time sheets to be modified without employee recertification.</p> | <p style="text-align: center;">3 recommendations</p> <p>The report’s recommendations focused primarily on the District officials requiring employees to recertify or resubmit time sheets when they need to be adjusted because of an error.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Honeoye Falls-Lima Central School District</p> <p>Financial Management and Competitive Procurement 2016M-124</p> <p>7th Judicial District</p> | <p>The Board did not adopt budgets based on historical or known trends, but overestimated expenditures from fiscal years 2012-13 through 2014-15, which generated more than \$3.5 million in operating surpluses. Additionally, the Board did not adopt an adequate procurement policy, in compliance with General Municipal Law.</p> | <p style="text-align: center;">9 recommendations</p> <p>The report’s recommendations focused primarily on the Board and District officials adopting budgets that reflect the district’s actual needs and include realistic estimates based on historical trends or other identified analysis; reviewing all reserve balances to determine if the amounts reserved are necessary, reasonable and in compliance with statutory requirements; adopting detailed policies and procedures to address the procurement of goods and services that are not required by law to be competitively bid.</p> <p>District officials generally agreed with the report’s recommendation and have indicated that they planned to take corrective action.</p> |

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| <p>Horseheads Central School District</p> <p>Financial Condition 2016M-138</p> <p>6th Judicial District</p> | <p>The Board and District officials did not adequately manage the District's financial condition. In addition, they overestimated general fund appropriations for the 2012-13 through 2014-15 fiscal years by \$14.9 million (7 percent), which resulted in operating surpluses totaling \$2.4 million.</p> | <p style="text-align: center;">8 recommendations</p> <p>The report's recommendations focused primarily on the Board and District officials adopting budgets that represent the District's actual needs, based on available current information and historical data; and discontinuing the practice of adopting general fund budgets that result in the appropriation of fund balance and reserve funds that will not be used.</p> <p>District officials generally agreed with the report's recommendation and have indicated that they planned to take corrective action.</p> |
| <p>Kidz Therapy Services</p> <p>Compliance With the Reimbursable Cost Manual 2015-S-63</p> <p>10th Judicial District</p> | <p>\$249,850 adjustment (5.2% of \$4.77 million reported in reimbursable costs on the CFR)</p> <p>For the three fiscal years ended June 30, 2014, the audit identified \$249,850 in reported costs that did not comply with the Manual's requirements for reimbursement. These ineligible costs included \$240,553 in personal service costs and \$9,297 in other than personal service (OTPS) costs.</p> | <p style="text-align: center;">3 recommendations</p> <p>The report's recommendations focused Kidz Therapy officials ensuring costs reported on future CFRs comply with all Manual requirements; and SED officials reviewing the recommended disallowances and making the appropriate adjustments to Kidz Therapy's CFRs and reimbursement rates.</p> <p>Kidz Therapy officials disagreed with the report's recommendations.</p> |
| <p>LaFargeville Central School District</p> <p>Financial Condition 2016M-216</p> <p>5th Judicial District</p> | <p>The Board and District officials overestimated appropriations when developing budgets for the three fiscal years 2012-13 through 2014-15.</p> | <p style="text-align: center;">3 recommendations</p> <p>The report's recommendations focused primarily on the Board adopting budgets that represent the District's actual needs, based on current information and historical data.</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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| <p>Long Beach City School District</p> <p>Controls Over Cash Receipts 2016M-145</p> <p>10th Judicial District</p> | <p>The District did not establish formal, written cash receipt policies and procedures.</p> | <p style="text-align: center;">1 recommendation</p> <p>The report's recommendation focused primarily on District officials developing written policies and procedures for handling cash receipts.</p> <p>District officials generally agreed with the report's recommendation and have indicated that they planned to take corrective action.</p> |
| <p>Lynbrook Union Free School District</p> <p>Special Programs 2016M-45</p> <p>10th Judicial District</p> | <p>The Board did not adopt a cash receipts policy and District officials did not adequately segregate the Director's duties or implement compensating controls such as providing supervisory reviews of the Director's activities.</p> | <p style="text-align: center;">9 recommendations</p> <p>The report's recommendations focused primarily on the Board and District officials developing and adopting written policies and procedures for collecting, processing, recording, and depositing special program cash receipts; ensuring that the Director's duties are adequately segregated or implement compensating controls; and ensuring that an individual, other than the Director, reconciles playground program applications.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Marcellus Central School District</p> <p>Procurement 2016M-230</p> <p>5th Judicial District</p> | <p>The Board did not comply with the District's policy when procuring goods and services below the competitive bidding threshold. In addition, District officials did not always retain the necessary quote documentation with purchase requisitions as required by the policy.</p> | <p style="text-align: center;">5 recommendations</p> <p>The report's recommendations focused on the Board soliciting competition for the procurement of professional services and documenting its decision making process; and District officials obtaining and retaining documentation to support the decision making process for all purchases made as exceptions to the policy.</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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| <p>Metropolitan College of New York</p> <p>Audit of the State Financial Aid Program 2015-T-7</p> <p>1st and 12th Judicial Districts</p> | <p>College officials used proper procedures to certify students for state financial aid. However, audit testing identified 14 awards totaling \$20,944, which school officials certified in error.</p> | <p style="text-align: center;">3 recommendations</p> <p>The report's recommendations focused primarily on College officials recovering \$20,944 that was certified in error; and ensuring their future compliance with State Education Law and the Commissioner of Education's Rules and Regulations, and HESC requirements.</p> <p>College officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Mexico Academy Central School District</p> <p>Financial Management 2016M-219</p> <p>5th Judicial District</p> | <p>The Board and District officials have effectively managed the District's finances. However, based on the audit's projections, at the conclusion of the 2019-20 fiscal year, select reserves and unassigned fund balances will be depleted, if projected expenditure growth is not curtailed.</p> | <p style="text-align: center;">2 recommendations</p> <p>The report's recommendations focused primarily on the Board and District officials maintaining District expenditures at reasonable levels and incrementally reducing them over several budget cycles to gradually align with ongoing revenue estimates.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Morristown Central School District</p> <p>Claims Audit Process 2016M-257</p> <p>4th Judicial District</p> | <p>District officials have established adequate procedures over the claims processing function to ensure that claims are adequately documented and supported, for appropriate purposes, audited, and approved prior to payment.</p> | <p>There were no recommendations.</p> |

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| <p>North Collins Central School District</p> <p>Financial Management 2016M-189</p> <p>8th Judicial District</p> | <p>The Board and District officials did not adopt reasonable budgets or ensure that fund balance and reserves were managed in accordance with statutes from fiscal years 2012-13 through 2014-15. In addition, the District has not established plans regarding the purpose, use, and replenishment of funds for any of its reserves.</p> | <p style="text-align: center;">8 recommendations</p> <p>The report’s recommendations focused primarily on the Board and District officials developing realistic estimates of appropriations and the use of fund balance and reserves in the annual budgets to avoid raising real property taxes; and developing a written policy indicating how much money will be reserved, how each reserve will be funded, and when the balances will be used to finance related costs.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p>North Salem Central School District</p> <p>Time and Attendance 2016M-209</p> <p>9th Judicial District</p> | <p>District officials did not ensure that time, attendance, and leave accrual records were accurate, complete, and properly approved. The Board did not establish policies and formal written procedures over payroll timekeeping to ensure that employees’ leave and work time was accurately documented.</p> | <p style="text-align: center;">5 recommendations</p> <p>The report’s recommendations focused primarily on the Board and District officials establishing more comprehensive policies incorporating the duties to be completed and records to be maintained for time and attendance and maintaining leave records.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Ogdensburg City School District</p> <p>Payroll 2016M-250</p> <p>4th Judicial District</p> | <p>District officials did not segregate the payroll clerk’s duties and did not establish adequate compensating controls.</p> | <p style="text-align: center;">1 recommendation</p> <p>The report’s recommendation focused primarily on District officials segregating the payroll clerk’s duties so that the clerk does not control all aspects of payroll transactions.</p> <p>District officials generally agreed with the report’s recommendation and have indicated that they planned to take corrective action.</p> |

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| <p>Orleans/Niagara BOCES</p> <p>Financial Management 2016M-72</p> <p>8th Judicial District</p> | <p>BOCES officials did not properly estimate certain budget appropriations and used the resulting surpluses totaling approximately \$3 million to fund unbudgeted capital projects. In addition, BOCES officials have improperly restricted more than \$5 million of surplus funds for a purpose not statutorily allowed and had approximately \$2.4 million in reserves that were not used and did not show plans for future use.</p> | <p style="text-align: center;">5 recommendations</p> <p>The report’s recommendations focused primarily on the BOCES developing appropriate estimates for the annual budget that are reasonable and based on available current information and historical data; ensuring that the funding of reserves and capital projects is transparent to component districts and the public by including appropriations for the amounts the Board intends to transfer in the proposed budget; and reviewing all reserves to determine if the amounts reserved are necessary and reasonable.</p> <p>BOCES officials generally disagreed with the report’s recommendations.</p> |
| <p>Oswego City School District</p> <p>Financial Management and Nonresident Foster Student Tuition 2016M-224</p> <p>5th and 7th Judicial Districts</p> | <p>The Board does not have a multiyear financial plan to help the Board as it faces future economic and environmental challenges. In addition, the District does not have an effective process to identify all nonresident foster students receiving educational services and bill their school districts for those services.</p> | <p style="text-align: center;">8 recommendations</p> <p>The report’s recommendations focused on the Board developing and adopting a multiyear financial operating plan to provide a framework for future budgets and to facilitate the District’s management of financial operations; and District officials developing and communicating procedures to ensure that nonresident foster students are properly identified and that accurate bills are prepared and submitted to school districts.</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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| <p>Oswego County BOCES</p> <p>Separation Payments 2016M-217</p> <p>5th Judicial District</p> | <p>BOCES did not provide proper documentation to the Assistant Superintendent to review separation payments for accuracy.</p> | <p style="text-align: center;">2 recommendations</p> <p>The report’s recommendations focused primarily on BOCES officials developing procedures governing separation payments which include providing supporting documentation for supervisory review.</p> <p>BOCES officials agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Patchogue-Medford Union Free School District</p> <p>Leave Accruals 2016M-236</p> <p>10th Judicial District</p> | <p>District officials have not developed written procedures documenting the type of records to be maintained or guidelines for using, approving, recording, and reviewing leave accruals.</p> | <p style="text-align: center;">4 recommendations</p> <p>The report’s recommendations focused primarily on District officials developing and implementing written policies documenting the type of leave records to be maintained and procedures to follow for using, approving, recording, and reviewing leave accruals.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Pittsford Central School District</p> <p>Security of Personal, Private and Sensitive Information (PPSI) on Mobile Computing Devices (MCDs) and Extracurricular Cash Records and Collections 2016M-92</p> <p>7th Judicial District</p> | <p>District officials have not adopted policies and procedures for staff use of personal removable storage devices or addressed security features such as passwords or data encryption. In addition, officials did not implement policies and procedures over athletic event admissions and adopt procedures to ensure adequate reconciliations of extracurricular cash collection activities are prepared.</p> | <p style="text-align: center;">10 recommendations</p> <p>The report’s recommendations focused primarily on the District adopting formal written policies and procedures ensuring a sound IT environment and protecting PPSI on MCDs; and developing policies and procedures for handling cash collections for athletic events.</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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| <p>Putnam-Northern Westchester BOCES</p> <p>Information Technology and Claims Auditing 2016M-205</p> <p>9th Judicial District</p> | <p>BOCES officials need to improve controls to adequately secure and protect IT systems. In addition, there was no evidence that the claims auditor ensured that claims did not exceed their purchase order amounts or that claims agreed with related contracts or agreements.</p> | <p style="text-align: center;">11 recommendations</p> <p>The report’s recommendations focused on the BOCES monitoring user activity periodically to detect inappropriate usage; developing and implementing procedures to physically secure and protect IT assets; and the Board ensuring the claims auditor performs a thorough and meaningful audit of claims prior to approving them for payment.</p> <p>BOCES officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Raquette Lake Union Free School District</p> <p>Monitoring Financial Condition 2016M-203</p> <p>4th Judicial District</p> | <p>The Board did not ensure that adequate accounting records and reports were maintained and did not effectively monitor the District’s financial operations. In addition, revenues, expenditures, and balance sheet accounts reported on the financial reports did not agree with the accounting records.</p> | <p style="text-align: center;">4 recommendations</p> <p>The report’s recommendations focused on the Board and District officials ensuring that they receive all required reports, including quarterly budget status reports; and ensuring accounting records are accurate and up to date and in agreement with financials reported to the State Education Department.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Renaissance Academy Charter School of the Arts</p> <p>Financial Operations 2016M-198</p> <p>7th Judicial District</p> | <p>The Board did not establish adequate procedures to ensure that all disbursements had sufficient supporting documentation. In addition, the Board should provide clearer guidance with respect to conflicts of interest, as well as better oversight of School officials’ compliance with designecontrols.</p> | <p style="text-align: center;">3 recommendations</p> <p>The report’s recommendations focused primarily on School officials establishing policies and procedures to ensure that all disbursements are properly supported with appropriate documentation prior to payment.</p> <p>School officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |

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| <p>Roslyn Union Free School District</p> <p>Cash Receipts 2016M-241</p> <p>10th Judicial District</p> | <p>District officials failed to have all building locations use press-numbered triplicate receipts, and not all cash receipts were deposited on a timely basis.</p> | <p style="text-align: center;">3 recommendations</p> <p>The report's recommendations focused primarily on Board officials requiring that District officials issue press-numbered triplicate receipts at all District locations; and ensuring that all receipts are deposited on a timely basis, including those transferred to the District office from other building locations.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Sag Harbor Union Free School District</p> <p>Child Care Program 2016M-211</p> <p>10th Judicial District</p> | <p>District officials did not institute procedures governing program operations or ensure that existing procedures were consistently followed. Officials did not ensure that the Director maintained adequate records; that the functions of collecting, recording and depositing cash were adequately segregated; or that deposits were made in a timely manner.</p> | <p style="text-align: center;">7 recommendations</p> <p>The report's recommendations focused on the Board and District official developing and adopting written policies and procedures for collecting, processing, recording, and depositing program cash receipts; and ensuring that the Director's duties are adequately segregated or implement compensating controls.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Scarsdale Public Schools</p> <p>Information Technology 2016M-252</p> <p>9th Judicial District</p> | <p>District officials have not established adequate controls over the IT department. Due to the sensitivity of this information, the specific findings have been communicated confidentially to the District.</p> | <p style="text-align: center;">Not Disclosed</p> <p>The report's recommendations were communicated confidentially to District officials so they could take corrective action. They focused primarily on District officials implementing specific recommendations for strengthening IT controls.</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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| <p>Smithtown Central School District</p> <p>Capital Projects 2016M-202</p> <p>10th Judicial District</p> | <p>District officials did not properly manage and account for the District’s capital projects.</p> | <p style="text-align: center;">4 recommendations</p> <p>The report’s recommendations focused primarily on the Board ensuring that all capital projects are authorized and established with a maximum estimated cost; and directing District officials to transfer the unexpended funds for closed projects to the original financing source.</p> <p>District officials disagreed with the report’s recommendations.</p> |
| <p>Southampton Union Free School District</p> <p>Special Education Claims Processing 2016M-200</p> <p>10th Judicial District</p> | <p>The Board developed an adequate process to ensure that special education claims were accurate, valid, properly supported, and for legitimate District purposes. However, District officials have not formally documented their procedures in writing.</p> | <p style="text-align: center;">1 recommendation</p> <p>The report’s recommendation focused primarily on District officials formalizing their special education claims processing procedures in writing, including those that apply to the Business Office and those that are specific to individual departments.</p> <p>District officials generally agreed with the report’s recommendation and have indicated that they planned to take corrective action.</p> |
| <p>The State Education Department</p> <p>Oversight of School Fire Safety Compliance 2015-S-86</p> <p>3rd, 4th, 5th, 6th, 7th, 8th, 9th, and 10th Judicial Districts</p> | <p>The auditor's found the Department does not adequately monitor whether schools are in compliance with all fire safety regulations and accurately report all violations.</p> | <p style="text-align: center;">4 recommendations</p> <p>The report’s recommendations focused primarily on SED officials developing a risk-based approach for verifying, by site visit or other means, whether information provided in fire inspection reports is accurate and schools are complying with fire safety requirements.</p> <p>SED officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |

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| <p>State Education Department</p> <p>Selected Aspects of the Migrant Education Program 2016-F-9</p> | <p>This was a follow-up audit. The Department has made significant progress in addressing the issues identified in the initial audit. Of the three prior audit recommendations, one was implemented and the other two were partially implemented.</p> | <p>There were no recommendations.</p> |
| <p>The State Education Department and The Department of Health (DOH)</p> <p>Oversight of Student Immunization in Schools 2015-S-85</p> <p>3rd, 4th, 5th, 6th, 7th, 8th, 9th, and 10th Judicial Districts</p> | <p>SED and DOH have both provided appropriate assistance to schools to guide their immunization programs. Overall, these agencies also have appropriate controls in place to ensure schools are adequately preventing, and are prepared to respond to, outbreaks of vaccine-preventable diseases.</p> | <p>There were no recommendations to SED.</p> |
| <p>Sweet Home Central School District</p> <p>Financial Management 2016M-207</p> <p>8th Judicial District</p> | <p>The Board did not adequately manage the District's finances by ensuring that budgets were realistic and by properly planning for and using fund balance.</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 estimates of appropriations, revenues and appropriated fund balance, and reserves.</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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| <p>The ARC of Ulster-Greene</p> <p>Compliance With the Reimbursable Cost Manual 2015-S-60</p> <p>3rd Judicial District</p> | <p>For the year ended December 31, 2014, the auditors identified \$995 in other than personal service costs charged to the programs that did not comply with SED’s requirements for reimbursement.</p> | <p style="text-align: center;">3 recommendations</p> <p>The report’s recommendations focused on the ARC ensuring that costs reported on annual CFRs fully comply with SED’s requirements; communicating with SED to obtain clarification as needed; and SED focusing on making the necessary adjustments to the costs reported on Ulster-Greene’s CFRs and to Ulster-Greene’s tuition reimbursement rates, as appropriate based on the disallowances identified by the audit.</p> <p>ARC officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Valley Stream Thirteen Union Free School District</p> <p>Purchasing 2016M-204</p> <p>10th Judicial District</p> | <p>District officials did not always obtain competitive quotes and adhere to bidding requirements when procuring goods and services.</p> | <p style="text-align: center;">3 recommendations</p> <p>The report’s recommendations focused primarily on the Board and District officials ensuring bids are solicited for all bus and van transportation services; and obtaining all required documentation such as sole source letters.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p>West Babylon Union Free School District</p> <p>School Lunch Operations 2016M-243</p> <p>10th Judicial District</p> | <p>District officials did not effectively manage cafeteria operations; meals cost more to prepare than the revenue generated by the meal sales; and school lunch productivity is lower than industry standards.</p> | <p style="text-align: center;">3 recommendations</p> <p>The report’s recommendations focused primarily on District officials monitoring cafeteria operating costs; and monitoring the number of meals per labor hour to take measures to move toward the industry standard.</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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| <p>West Irondequoit Central School District</p> <p>Financial Management and Separation Payments 2016M-180</p> <p>7th Judicial District</p> | <p>The Board did not adopt realistic budgets. The Board overestimated expenditures averaging 7.9 percent from fiscal years 2012-13 through 2014-15, resulting in operating surpluses. In addition, the audit determined that District officials have not developed written policies or procedures to formalize the separation payments process.</p> | <p style="text-align: center;">8 recommendations</p> <p>The report’s recommendations focused primarily on the Board and District officials adopting budgets that reflect the District’s actual needs and including realistic estimates based on historical trends or other identified analysis; and developing written policies or procedures to govern the separation payments process.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p>Western Suffolk BOCES</p> <p>Budget Transfers and Confirming Purchase Orders 2016M-218</p> <p>10th Judicial District</p> | <p>The Board did not properly authorize budget transfers. In addition, the audit found six purchase orders totaling \$13,700 (12 percent of the total claims reviewed) that were confirming purchase orders, but none of these purchases were documented as an emergency situation.</p> | <p style="text-align: center;">7 recommendations</p> <p>The report’s recommendations focused on the Board and BOCES officials approving budget transfers in excess of \$25,000 in a timely manner as required by policy; and ensuring that purchase orders are prepared and approved prior to ordering goods and services in accordance with BOCES’ policy and regulations.</p> <p>BOCES officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |