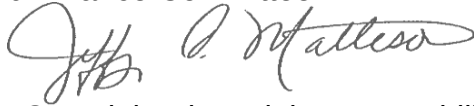




TO: Audits/Budget and Finance Committee
FROM: Jeffrey Matteson 
SUBJECT: Board of Regents Oversight Financial Accountability
DATE: November 4, 2025
AUTHORIZATION(S): 

SUMMARY

Issues for Discussion

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

Proposed Audit Initiatives – Office of Audit Services (OAS) 2025-2027 Audit Plan (Attachment A)

Reason(s) for Consideration

Update on activity.

Proposed Handling

Discussion and guidance.

Procedural History

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

Background Information

Proposed Audit Initiatives – The Committee is being briefed on the initiatives the OAS plans to pursue during the period July 1, 2025, through June 30, 2027.

Recommendation

Guidance and input are sought for the proposed audit initiatives. No action required for presentation of audits.

Timetable for Implementation

Not applicable.

The following materials are attached:

- 2025-2027 Audit Plan (Attachment A)

AUDIT PLAN

July 1, 2025
through
June 30, 2027

October 2025

**The University of the State of New York
The State Education Department
Office of Audit Services
Albany, New York 12234**



Executive Summary

This Audit Plan (Plan) outlines the internal audit, external audit, and non-audit activities to be undertaken by the Office of Audit Services (OAS) for the period July 1, 2025, through June 30, 2027. The Plan is structured to align available audit resources with the Department's strategic goals, statutory mandates, and identified areas of elevated risk.

To support the Department's mission, OAS conducts audits of external educational entities in accordance with Generally Accepted Government Auditing Standards (GAGAS) and internal audits of Department operations in accordance with Global Internal Audit standards. To ensure compliance with independence requirements under both sets of standards, OAS maintains a clear organizational distinction between its external audit team and its internal audit team. To promote continuous improvement and accountability, the internal audit team also maintains a Quality Assurance Improvement Program that regularly evaluates internal audit practices against professional standards.

OAS serves as the audit liaison for the NYS Single Audit, facilitating coordination between Department staff, the Division of the Budget and the external auditors engaged to perform the audit. OAS also acts as the audit liaison for performance audits conducted by the Office of the State Comptroller of the Department's various functions and approved special education providers. These non-audit responsibilities, which continue to grow in scope and complexity, significantly impact available staff capacity.

In addition to audit work, OAS performs a wide range of required non-audit activities, including Fraud, Waste, and Abuse (FWA) complaint reviews, financial condition assessments of non-public colleges and universities, and federal compliance monitoring, including the issuance of management decisions and Single Audit reporting monitoring. OAS is also responsible for reviewing the annual submission of audited financial statements, board resolutions, management letters, board-approved corrective action plans and other requisite financial documents submitted by school districts and BOCES.

The proposed Plan was developed based on input from senior leadership, prior audit findings, internal controls self-assessments, and FWA complaints. OAS staff used a risk-based approach to create a prioritized work plan that addresses the most critical areas of concern. Some areas of concern identified during the risk assessment are not currently scheduled due to resource constraints. However, those areas remain under consideration should staffing capacity increase or existing priorities change.

This Plan will be reviewed and updated annually to ensure compliance with applicable audit standards and continued responsiveness to emerging risks and Department priorities. Any significant changes to the Plan will be communicated to agency leadership and the Audits/Budget and Finance Committee, as appropriate.

Mission and Authority

The mission of OAS is to provide quality audit and related financial services to enhance accountability with the provision of educational, cultural, professional, and vocational services. To achieve this mission, OAS conducts performance and compliance audits of external educational entities, internal audits of Department functions, and performs a variety of non-audit activities to ensure compliance with state and federal regulations.

OAS supports the Department's mission to raise the knowledge, skill, and opportunity of all the people in New York by promoting transparency, accountability, and continuous improvement across educational programs and operations. Through our independent audit and non-audit work, OAS helps ensure that public funds are used effectively, internal controls are operating as intended, and education programs comply with applicable laws and regulations. By identifying risks, evaluating performance, and recommending improvements, OAS contributes to strengthening the systems that deliver educational services, thereby enhancing educational outcomes and equity throughout the state.

NYSED derives its authority to conduct audits of external education agencies from multiple sources of law. Under Education Law §215, the Department is authorized to examine and inspect any institution in the university and any school or institution under the educational supervision of the state. Additionally, Education Law §305 grants the Commissioner of Education broad supervisory authority over all schools and can require them to be examined and inspected. Audits of external educational entities are conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States.

As a pass-through entity for federal funds, the Department is also required to monitor subrecipient activities to ensure compliance with federal statutes, regulations and the terms and conditions of the subaward, pursuant to 2 CFR Part 200 (Uniform Guidance). This monitoring may include performance and compliance audits of external educational entities such as school districts, BOCES, charter schools, and other subrecipients of federal funding.

NYSED is also required to maintain an internal audit function in accordance with the New York State Government Accountability, Audit, and Internal Control Act of 1987. This statute authorized the Director of the Division of the Budget (DOB) to designate state agencies that must maintain an internal audit function. NYSED was designated by the Director of DOB to maintain such a function and OAS is responsible for administering the internal audit function on behalf of the Department. To satisfy this responsibility, OAS performs internal audits of Department functions, programs, and administrative operations to evaluate the effectiveness of governance, risk management and internal controls. Internal audits are conducted in accordance with the Global Internal Audit Standards issued by the Institute of Internal Auditors (IIA).

Risk Assessment and Planning Methodology

OAS employs a risk-based approach to identify and prioritize audit activities in alignment with its mission to promote accountability, transparency, and the efficient use of public resources. The Plan was developed through a structured risk assessment process that considers both internal and external factors affecting the Department and the educational entities under its oversight.

For internal audits, the risk assessment process involves gathering information from a variety of sources, including:

- Input from senior leadership, program managers, and external stakeholders
- Fraud, Waste, and Abuse complaints
- Review of audited financial statements, grant expenditures, regulatory audit reports, Single Audits, and corrective action plans
- Analysis of prior audit findings, including unresolved issues and repeat deficiencies
- Results of SED program offices' internal controls self-assessments
- Federal monitoring reports, regulatory changes, and known or emerging compliance risks.

In accordance with internal audit best practices, OAS prioritizes audit coverage of areas identified as “High Risk” in the Department’s formal risk assessment. While staff availability and operational feasibility may limit the number of high-risk audits conducted during each planning cycle, OAS will:

- Document the rationale for excluding any high-risk area, including the availability of alternative oversight mechanisms or planned non-audit monitoring.
- Ensure that high-risk areas not selected for audit are flagged and tracked for reconsideration during the next annual Plan update.
- Communicate these considerations to the Audits/Budget and Finance Committee and agency leadership to ensure transparency in the allocation of audit resources.

For external audits, the selection was largely driven by the need to complete audits already in progress and to allocate limited resources efficiently. The Plan reflects a practical, resource-based approach that emphasizes continuity and follow-through, ensuring that open or incomplete audits are closed out in a timely manner. Where possible, risk factors such as materiality, past findings and known compliance issues were considered when determining the order in which outstanding audits would be completed.

While internal audit retains its independence and judgment, the Plan represents a balanced strategy that considers both risk exposure and operational realities. This blended approach helps ensure that audit coverage delivers value, reinforces accountability, and aligns with applicable audit standards.

Audit Engagements Continuing from Prior Periods

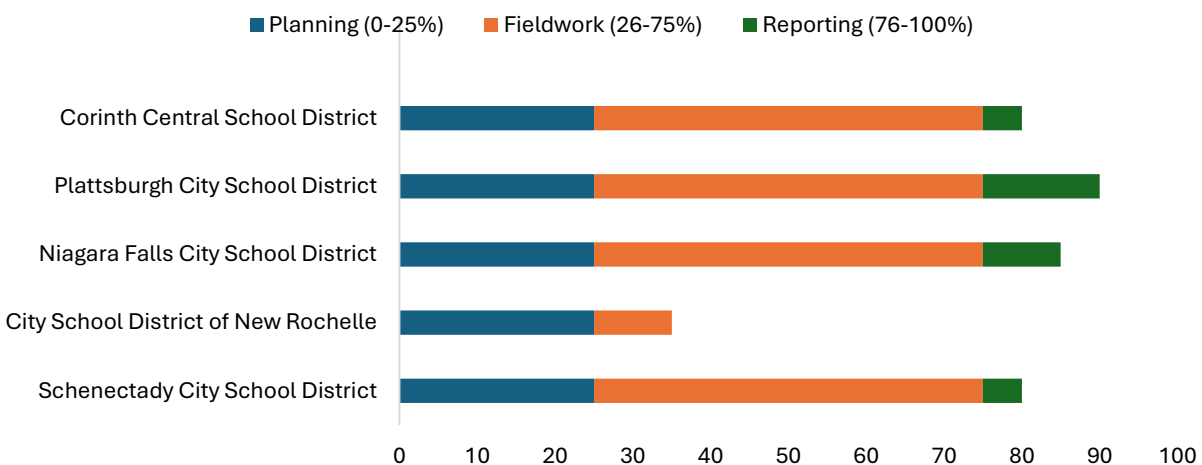
This section provides an update on audit engagements that were initiated under the scope of a prior year's Audit Plan and are anticipated to be completed during the period covered by this Plan. Consistent with Global Internal Audit Standards related to communication, monitoring progress and performance, this section promotes transparency and ensures stakeholders are informed about the status and expected completion of ongoing audit work.

Educational Stabilization Funds (ESF) Audit Initiative

Education Stabilization Funds – Since March 2020, New York State has received over \$14 billion in federal stimulus funds for education through the CARES Act, CRRSA Act and the ARP Act to help local educational agencies (LEAs) address the ongoing impacts of COVID-19. In accordance with 2 CFR Part 200 (Uniform Guidance), the Department is responsible for monitoring the activities of the subrecipients of these funds to ensure they were used for authorized purposes and in compliance with the federal statutes, regulations and the terms and conditions of the subaward.

To support this responsibility, OAS previously developed an ESF audit initiative with the intention of conducting a minimum of twenty-five audits of subrecipient LEAs, focusing on compliance with grant requirements and ensuring grant expenditures were allowable, allocable, reasonable, necessary, and properly documented. To date, eight ESF audits have been completed, including one audit that was recently completed during the period covered under the plan, and five engagements remain in-progress.

Given current resource constraints and competing high-priority risks, no new ESF audit engagements are scheduled at this time. However, OAS anticipates completing the following five ESF audits during the period covered under this Plan.



Charter Schools

OAS initiated an audit of Public Prep Charter School Academies in a previous year's Audit Plan. The objective of this audit was to ensure the adequacy and reliability of their internal controls, including the policies and procedures for collecting and reporting financial data for federal and state grants. OAS anticipates completing the charter school audit of Public Prep Charter School Academies during the period covered under this Plan.

STATEMAP Program

OAS initiated an internal audit of the Office of Cultural Education's (OCE) New York State STATEMAP Program in a previous year's Audit Plan. The objective of this audit was to determine if the OCE adequately ensured funds received under the STATEMAP component of the National Cooperative Geologic Mapping Program were spent in accordance with award requirements and federal and state regulations. As anticipated, OAS completed the STATEMAP Program audit during the period covered under this Plan and issued the final audit report on September 18, 2025.

New Areas Recommended for Audit

This section presents new audit engagements recommended to OAS by senior leadership in response to an annual request to identify challenges posing the greatest risk to achieving the Department's objectives. These recommendations reflect current priorities and help ensure the Plan remains strategically aligned, risk-based, and responsive to emerging issues.

P-12 Operational Support - State-Monitored Districts and High-Risk LEAs

- New York State Law required the Commissioner of Education to appoint monitors to the East Ramapo CSD, Hempstead UFSD, Rochester City SD, Wyandanch UFSD and Mt. Vernon City SD. Since the inception of the monitoring program, several issues have arisen regarding how these districts project their expenditures and revenues and estimate their cash flows, which have resulted in inaccurate projections that have caused reputational harm to the monitor program and the Department. To address these issues, OAS will conduct an audit to assess the accuracy and reliability of revenues, expenditures, and cash flow projections in the state-monitored districts and to evaluate whether these districts follow best practices in financial forecasting, including internal controls such as position controls and budget roll-up methods. This audit would also examine the impact of flawed projections on decision-making and monitor oversight.
- Thirty-five Local Educational Agencies (LEAs), including thirty-three school districts and two charter schools, have been identified by the Office of Accountability as candidates for further review and audit consideration. The agencies were identified due to delayed application submissions and either noncompliance with programmatic requirements or significant challenges in achieving compliance. The objective of such audits would be to determine whether selected LEAs are complying with applicable programmatic requirements and to assess the effectiveness of internal controls related to timely application submission and the use of state and federal funds. Auditee selection will be further informed by the materiality of program funding, results of prior audits, FWA complaints, and input from applicable program staff.

P-12 Instructional Support - Systemic Risks Impacting Oversight and Program Integrity

- Insufficient funding for statewide initiatives and staffing shortages in grant management have been identified as presenting a high risk to the offices under P-12 Instructional Support from achieving their mission. In response, OAS will consider conducting an audit to assess the adequacy of the Department's internal capacity in relation to funding and staffing to support effective oversight of statewide initiatives and grants management. This audit would also evaluate the extent to which these constraints impact program implementation, district accountability, and achievement of educational outcomes.

Office of Higher Education - Systemic Risks

- The Office of College and University Evaluation (OCUE) faces increasing operational and compliance risks due to inadequate staffing levels needed to monitor the quality and financial viability of degree-granting institutions. This challenge is intensified by current and potential future regulatory shifts at the federal level, including proposed changes to the USDE. Should federal oversight be reduced or eliminated, additional monitoring responsibilities may fall to the OCUE without corresponding increases in capacity. The growing number of institutional closures further amplifies the need for adequate staffing to effectively manage institutional shutdowns and ensure appropriate student protections. The objective of this audit would be to assess whether the OCUE has sufficient resources and internal processes to effectively monitor the quality and financial viability of degree-granting institutions and to evaluate its readiness to assume additional oversight responsibilities in response to potential federal regulatory changes and increased institutional closures.
- The Office of School Personnel Review and Accountability (OSPRA) is experiencing delays in the review and resolution of Part 83 moral character complaints and cases due to insufficient staffing. These delays introduce operational risk by hindering the Department's ability to uphold professional standards in a timely manner. The objective of this audit would be to evaluate the efficiency and effectiveness of OSPRA's processes for reviewing and resolving Part 83 moral character complaints and cases and to determine whether current staffing levels support timely case resolution and adherence to statutory and regulatory timelines.
- The Office of Teaching Initiatives (OTI) continues to experience operational risks related to the functionality of the TEACH system. Specifically, the system may not consistently queue applications for review in the order received and it has not been adequately updated to reflect recent comprehensive changes to the educator certification framework. These issues, combined with limited staffing and technical support, have resulted in delays in processing certification applications and responding to inquiries from educators and the public. The objective of this audit would be to examine the operational performance of the TEACH system in processing educator certification applications, including whether applications are reviewed in the order received and to assess whether the OTI has adequate staffing and technological capacity to support timely certification and stakeholder responsiveness.
- The Office of Teacher and Leader Development (OTLD) requires improved technology and support to meet statutory and regulatory reporting requirements related to teacher development, data, and pipeline initiatives. In addition, as a result of recent changes to standards and educator certification requirements, educator preparation programs (EPPs) and local educational agencies (LEAs) need support and guidance with the implementation of these changes. The objective of this audit would be to assess the OTLD's capacity,

including technology and staffing, to meet public reporting obligations related to teacher development, data, and educator pipeline initiatives, and to determine compliance with applicable reporting requirements. Additionally, this audit would evaluate whether the OTLD has the resources, staff, and guidance mechanisms necessary to support EPPs and LEAs in implementing recent changes to educator certification requirements and standards.

Office of the Professions - Operational Capacity and Risk Management

- The Office of the Professions (OP) oversees the licensure and regulation of fifty-six professions statewide. Financial and staffing constraints are creating operational risks that affect core functions, including timely licensure processing, education program review, continuing education oversight and disciplinary actions. Limited funding has impacted travel, board operations and public engagement. The objective of this audit would be to assess whether OP has sufficient operational capacity, including staffing and other resources, to fulfill its regulatory responsibilities related to licensure processing, program review, public engagement, and professional discipline.

Office of Cultural Education – Facilities Management Services and IT Cost Allocations

- The Department operates several facilities owned and maintained by the Office of General Services (OGS), including the Cultural Education Center (CEC) and the State Records Center on the Harriman Campus. Over the years, the Office of Cultural Education (OCE) has experienced numerous unresolved issues related to facility maintenance, deferred repairs, and a general lack of responsiveness despite repeated follow-ups. OCE Staff regularly report that these conditions not only negatively impact their work environment and overall productivity, but also pose a potential risk to the preservation and security of the State's collections and cultural treasures housed within these facilities. The objective of this audit would be to evaluate the effectiveness, timeliness, transparency and overall quality of OGS' facility management services for Department-occupied properties and will assess whether OGS is fulfilling its service obligations, how maintenance requests are tracked and resolved and how communication with SED stakeholders is managed.
- Program areas have raised concerns regarding the lack of clarity and transparency with the IT chargeback process, which complicates budgeting and resource planning. Further, the ambiguity surrounding the calculation and allocation of IT chargeback costs within the Department has led to questions regarding how these amounts are formulated and whether they appropriately correspond to the actual services provided. The objective of this audit would be to determine whether the process is equitable and evidence-based and assess whether the costs charged to the program areas accurately reflect the scope and quality of IT services received.

Internal Controls and Process Improvement Initiatives

This section outlines key compliance and process improvement initiatives that OAS plans to complete during the audit cycle. These include the annual Internal Controls Certification and a project to enhance OAS's internal and external audit risk assessment processes. Together, these initiatives strengthen the Department's governance framework, ensure conformance with OSC requirements, and support continued alignment with Global Internal Audit Standards and best practices.

OSC's Annual Internal Controls Certification Over the Payment Process

- In accordance with Title 2, Chapter 1, Part 6.6 of the New York Codes, Rules and Regulations, the Department is required to certify annually to the Office of the State Comptroller (OSC) that the agency has sufficient internal controls over the payment process to ensure claims are appropriate to pay. In addition to the annual certification of internal controls, which includes voucher authorizer certification, OSC will require agency heads to assess the internal controls for one or more specified area(s) and provide detailed audit guides to support these assessments. To meet these requirements and ensure an objective and systematic review, OAS treats the internal controls certification as an internal audit engagement. OAS is responsible for completing this engagement and supporting its findings in a manner that enables the Department to submit its required certification by the anticipated due date of April 30th.

Enhancement of OAS Internal and External Audit Risk Assessment Processes

- OAS conducts external audits of educational entities in accordance with GAGAS and internal audits of Department operations in accordance with Global Internal Audit Standards. Although the current risk assessment process supports both functions, it can be strengthened by maintaining separate risk assessments that consider distinct risk factors and emerging risks that are unique to each function, while leveraging shared data sources where appropriate. The dual risk assessment framework will map out separate risk factor categories for internal and external audit and define data collection, weighting and scoring methodologies for each set of risk factors. The objective of this initiative is to expand risk factors, incorporate automation to improve documentation, scoring and efficiency, and strengthen the linkage between risk assessment results and Audit Plan selections. Beyond strengthening the underlying risk assessment process, the project will also establish a framework that links identified risk levels to different forms of monitoring/auditing.

Annual Update of the Quality Assurance Improvement Program

- To comply with the Global Internal Audit Standards, the internal audit team maintains a Quality Assurance Improvement Program (QAIP) that includes ongoing and annual

assessments of conformance with the standards. Each year, the internal audit team evaluates its conformance, updates its internal audit policies and procedures, and the internal audit charter as needed, and documents its compliance with the standards using the IIA's Quality Assurance Manual templates.

Summary of Audit Prioritization and Capacity

In balancing statutory obligations and resource constraints, OAS will prioritize the following in-process and high-risk audit engagements and strategic initiatives between July 1, 2025, and June 30, 2027, following a phased scheduling framework.

Phase 1: Engagements that address in-process engagements, high-priority risks, statutory mandates, and critical on-going initiatives anticipated to be completed within the Plan's period.

- Education Stabilization Fund (ESF) Audit Initiative – OAS will complete the following six ESF audits that were previously initiated under a prior year's Audit Plan:
 - Corinth Central School District
 - Plattsburgh City School District
 - Niagara Falls City School District
 - Rhinebeck Central School District (final audit report issued on Sept. 23, 2025)
 - City School District of New Rochelle
 - Schenectady City School District
- OAS will complete the internal audit of the STATEMAP Program that was previously initiated under a prior year's Audit Plan. (final audit report issued on Sept. 18, 2025)
- OAS will complete the audit of Public Prep Charter School Academies that is currently in progress.
- OAS will conduct audits of two selected state-monitored districts to assess the accuracy of revenue, expenditure, and cash flow projections; evaluate adherence to financial forecasting best practices (e.g., position controls, budget roll-ups); and examine the impact of flawed projections on decision-making and oversight.
- OAS will complete the annual Internal Controls Certification Over the Payment Process, which includes Voucher Authorizer Certification, and an assessment of the effectiveness of controls over SFS attachments and record retention.
- OAS will enhance its risk assessment process and design a dual risk assessment framework that distinguishes between internal and external audit risk factors, incorporating qualitative and quantitative data to improve scoring accuracy and process automation to improve efficiency.
- OAS will evaluate its conformance with Global Internal Audit Standards, update its internal audit policies, procedures, and charter as appropriate, and formally document compliance through the use of IIA's Quality Assurance Manual templates.

Phase 2: High-value engagements considered if resources allow, selected based on emerging risks or changing priorities.

- OAS will consider conducting an audit to assess the transparency, equity, and accuracy of the Department's IT chargeback process, including the methodology for cost allocation and whether charges align with the scope and quality of services provided to program areas.

- OAS will consider conducting an audit to assess whether the Office of College and University Evaluation has sufficient resources and internal processes to monitor the quality and financial viability of degree-granting institutions. The audit will also examine workload growth, emerging risks such as rising institutional closures, and whether staff capacity is keeping pace with increasing oversight responsibilities and changes in federal requirements.
- OAS will consider conducting an audit to examine the operational performance of the TEACH system in processing educator certification applications, including application queuing and system alignment with certification changes. The audit will also assess the Office of Teaching Initiatives' workload demands, growth in application volume, and whether staffing and technical capacity are sufficient to keep pace with evolving certification requirements and stakeholder needs.
- OAS will consider conducting an audit to assess the Office of Teacher and Leader Development's capacity, including technology, staffing and resources, to meet statutory reporting requirements related to teacher development and educator pipeline initiatives. The audit will also evaluate workload trends, emerging responsibilities, and whether staff capacity is sufficient to support educator preparation programs and LEAs in amid evolving certification and standards requirements.
- OAS will consider conducting an audit to assess whether the Office of Professions has sufficient operational capacity, including staffing and resources, to effectively carry out its licensure, program review, public engagement, and disciplinary responsibilities. The audit will also examine workload growth, emerging risks, and whether staff capacity in keeping pace with changes in demand.

Phase 3: Aspirational or long-term engagements requiring significant additional resources.

- OAS will consider conducting an audit of OGS's facilities management services to evaluate the effectiveness, timeliness, transparency, and overall quality of services for Department-occupied properties, including fulfillment of service obligations, tracking and resolution of maintenance requests and communication with SED stakeholders.
- OAS will consider conducting an audit to evaluate the efficiency and effectiveness of the Office of School Personnel Review and Accountability's processes for reviewing and resolving Part 83 moral character cases. The audit will also consider workload trends, the increasing volume and complexity of cases, and the alignment of staff capacity with statutory and regulatory requirements.
- OAS will consider conducting an audit to assess the Department's internal capacity related to funding and staffing to support effective oversight of statewide initiatives and grants management. The audit will also evaluate workload growth, emerging responsibilities, and whether capacity is keeping pace with resource demands affecting program implementation, district accountability, and educational outcomes.
- OAS will consider conducting audits of selected LEAs identified as high-risk to assess compliance with programmatic requirements, effectiveness of internal controls over timely application submission, and use of state and federal funds. Auditee selection will consider

funding materiality, prior audit results, FWA complaints, and program staff input, and the number of audits will be contingent on available resources.

Any Phase 2 or Phase 3 audits would require reallocation of staff resources or a reduction in non-audit obligations. However, such audits may be initiated if emerging or expanding risks or changing priorities warrant a shift in focus. Should these circumstances arise, OAS will update the Plan and inform the Audits/Budget and Finance Committee and agency leadership accordingly.

Non-Audit Responsibilities

In addition to its core audit responsibilities, OAS performs a variety of non-audit functions that are essential to ensuring regulatory compliance, fiscal accountability, and efficient operations within the Department and across the educational entities it oversees. These responsibilities include:

- Monitor and review requisite annual financial submissions from school districts and BOCES in accordance with Education Law 2116-a, including audited financial statements, board resolutions, management letters, board-approved corrective action plans (CAPs), Single Audit attestations or exemption forms, internal control reports and regulatory audits.
- Monitor and review all Single Audit/Program-Specific Audit reporting packages submitted to the Federal Audit Clearinghouse by subrecipients of federal awards that are passed through the Department.
- Issuance of Management Decisions for all Section III Single Audit/Program-Specific Audit findings in accordance with 2 CFR §200.516.
- Function as the audit liaison for all performance audits of SED program areas and approved special education providers conducted by the Office of the State Comptroller (OSC).
- Monitor, review, and process all Fraud, Waste, and Abuse (FWA) allegations submitted through the Department's FWA reporting system.
- Calculate financial responsibility composite scores and conduct financial condition assessments of non-public colleges and universities on behalf of the Office of College and University Evaluation.
- Perform other analyses of school districts, charter schools, subrecipients of federal pass-through awards and non-public colleges and universities upon request from Department staff.
- Review and rate Initial, Program Modification Request and Reapproval applications for preschool special education providers on behalf of the Office of Special Education.
- Function as the audit liaison for the annual NYS Single Audit.

Other Activities – Technical Assistance and Training

- Continue to provide technical assistance and information to Department staff, SUNY institutions, government officials and others, as requested.
- Continue to collaborate with various organizations (e.g., OSC, USDE OIG, NYS Society of CPA's Public Schools Committee, and others) to improve fiscal accountability.
- Continue to provide training and technical assistance to school business officials, school board members, superintendents, CPAs, and others.

- OAS is committed to maintaining auditor proficiency through continuing professional education (CPE), as required by Generally Accepted Government Auditing Standards. These standards require each auditor to complete a minimum of 80 hours of CPE every two years, including at least 24 hours directly related to government auditing, the environment in which the audited entity operates, or the specific subject matter of the audit. The Department has been supportive of the need for CPEs and has made resources available to facilitate our compliance with these standards. OAS will continue to monitor and track CPEs for each of its auditors and seek cost-effective training to ensure continued adherence to these standards.

Operational Risks to Audit Plan Execution

In developing this Plan, OAS recognizes certain operational risks that may affect its ability to execute the planned audits and non-audit work as effectively and efficiently as anticipated. These risks do not compromise OAS's commitment to quality or compliance with applicable standards, but they may introduce inefficiencies, delays or limitations in documentation and oversight. Key risks identified include:

- Staffing capacity, recruitment, and retention challenges. Like many audit organizations, OAS faces challenges in recruiting and retaining qualified staff in a competitive labor market. These challenges are further exacerbated by funding uncertainty, which prolongs vacancy periods and lengthens the hiring process. While OAS is committed to maintaining a strong workforce, the recruitment process consumes significant time diverting hours from audit and non-audit activities. When departures occur, essential work must be reassigned to remaining staff and interns, creating inefficiencies due to reprioritization, training needs and additional supervisory review. Collectively, these factors may affect the timely execution of planned activities outlined in this Plan.
- The lack of purpose-built audit management software, which limits OAS's ability to automate workflows, track milestones, manage audit workpapers and maintain consistent documentation standards. While OneNote is currently being used as an interim solution, it was not designed for audit management and presents challenges in version control, audit trail integrity and cross-referencing.
- The use of SharePoint as a secure audit document submission portal for collecting and managing auditee-submitted documentation. While SharePoint does allow centralized storage of audit documentation and enable administrators to assign permissions to designated auditee staff, configuring and managing user permissions can be complex, which increases the risk of inadvertent access by unauthorized users. Additionally, it lacks certain audit-specific features such as automated intake tracking, document indexing and improved access controls that would typically be available in dedicated audit documentation portals. These limitations can impact efficiency and increase the risk of misfiled or overlooked records.

To mitigate these risks, OAS continues to adapt processes to maximize the functionality of existing tools while exploring cost-effective audit management software solutions that align with agency-wide technology strategies. Ongoing staff training, procedural safeguards and manual tracking mechanisms are used to compensate for system limitations where feasible.

Independence Safeguards and Attestation

To ensure compliance with Global Internal Audit Standards and Generally Accepted Government Auditing Standards' independence principles, OAS has implemented the following safeguards:

- Audit staff do not assume management responsibility and management retains decision-making authority.
- Audit staff do not audit areas where they maintain operational or administrative responsibility.
- Audit staff are required to complete both annual and engagement-specific certification of independence forms confirming their awareness of the applicable requirements and affirming their independence, or lack thereof.
- Audit engagement planning includes an independence review and, where necessary, the reassignment of audit staff or assignments.
- In cases where the perception of independence impairment is high, official memoranda from program management have been obtained as evidence that the threat has been identified, evaluated for significance and safeguards have been applied to eliminate or lessen it to an acceptable level.

In accordance with Global Internal Audit Standards, OAS attests that it maintains organizational and individual auditor independence and will formally notify Department leadership and the Audits/Budget and Finance Committee of any circumstances that could impair objectivity.

Appendix A: Audit Coverage, Resource Allocation, and Annual Activity Estimates

Under the direction of the Director of Audit Services, OAS anticipates having twelve audit professionals and three part-time student interns to conduct the activities identified in this Plan. OAS currently has three vacant positions, including one support staff and two audit professionals, and has identified the need for an additional student intern to support planned activities. At this time, however, recruitment for these roles is on hold due to budgetary constraints. OAS will continue to assess staffing needs and pursue opportunities to fill these positions as resources allow. Based on current staffing projections, OAS estimates it will complete up to ten audits, implement a project to enhance its risk assessment process and complete the annual internal controls certification and the annual update of the quality assurance improvement program in each year during the two-years covered by this Plan.

Audit Services Staff Resources as of October 1, 2025	Number of Staff
Audit Director	1
Auditor 3 (2 External Audit Managers / 1 Internal Audit Manager)	3
Auditor 2 (3 External Auditors / 1 Internal Auditor)	4
Auditor 1/Auditor Trainee (4 External Auditors / 1 Internal Auditor)	5
Support Staff	0
Total FTE	13
Student Interns (part-time) - 3	

Audit Engagements, Controls, and Risk Assessment Initiatives	Estimated Number	
	Engagements	Hours
Education Stabilization Funds Audits	6	1,500
Charter School Audit	1	100
Internal Audit of the STATEMAP Program	1	50
P-12 Operational Support - State-Monitored Districts Audit	2	6,000
Internal Controls Certification Over the Payment Process (annual)	2	2,780
Risk Assessment Enhancement Project	1	500
Quality Assurance Improvement Program (annual)	2	420
Total Audits/Initiatives	15	11,350

Other Activities (Annual Estimates)	Estimated Number	
	Engagements	Hours
Fraud, Waste, and Abuse Complaint Reviews	400	370
Review of School District/BOCES Requisite Financial Documents		
Audited Financial Statements/Board Resolutions	727	220
Extra classroom Audits, Management Letters, Board-approved CAPs	719	450
Single Audit Reporting Attestations/Exemption Forms	727	230
Single Audit Reports/Board-approved CAPs	727	580
Internal Control Reports, Board-approved CAPs	727	260
Internal Audit Function Exemption Forms	727	90
Regulatory Audit Reports, Board-approved CAPs	727	330
Financial Condition Assessments of Non-Public Colleges/Universities	640	3,900
Review of Single Audits – Other than School Districts/BOCES	599	290
Issuance of Management Decision Letters	103	3,890
Audit Liaison Engagements Overseen	10	930
Review of Special Education Applications	12	40
Payment Data	1	100
Federal Audit Clearinghouse (FAC) List Reviews	26	540
Technical Assistance –Single Audit and OAS Mailboxes	2	400
Continuing Professional Education (CPE) Hours		520
Total		13,140

Appendix B: Calendar of Activities

Calendar of Audit Activities: July 1, 2025 through June 30, 2027

						Planning	Fieldwork	Reporting	Audit Follow-up				
Audit Engagements/Strategic Initiatives						7/1/2025-6/30/2026				7/1/2026-6/30/2027			
	Risk Rating	Anticipated Start Date	Estimated Final Report	90 Day Response	Status	Quarter I Jul - Sep	Quarter II Oct - Dec	Quarter III Jan - Mar	Quarter IV Apr - Jun	Quarter I Jul - Sep	Quarter II Oct - Dec	Quarter III Jan - Mar	Quarter IV Apr - Jun
Audit Engagements Continuing from Prior Periods													
Corinth Central School District - ESF	High	FY 25	1/31/2026	5/1/2026	Reporting								
Plattsburgh Central School District - ESF	Medium	FY 24	10/31/2025	1/29/2026	Reporting								
Niagara Falls City School District - ESF	High	FY 24	12/31/2025	3/31/2026	Reporting								
Rhinebeck Central School District - ESF	High	FY 25	9/23/2025	12/22/2025	Follow-up								
City School District of New Rochelle - ESF	High	FY 25	3/15/2026	6/15/2026	Fieldwork								
Schenectady City School District - ESF	High	FY 25	1/31/2026	5/1/2026	Reporting								
Public Prep Charter School Academies	Medium	FY 22	1/15/2026	4/15/2026	Reporting								
Internal Audit - STATEMAP Program	High	FY 24	9/18/2025	12/17/2025	Follow-up								
New Audits - State-Monitored Districts													
Rochester City School District	High	11/1/2025	10/30/2026	1/28/2027	Not Started								
Mount Vernon City School District	High	5/1/2026	4/30/2027	7/30/2027	Not Started								
Internal Controls, Risk Assessment & Internal Audit Strategic Initiatives													
Internal Controls Certification - OSC*	N/A	1/1/2026	6/30/2026	N/A	Not Started								
Risk Assessment Enhancement Project	N/A	11/1/2025	10/31/2026	N/A	Not Started								
Internal Audit QAIP Update*	N/A	10/1/2025	12/31/2025	N/A	In-Progress								

* These initiatives will be completed on an annual basis.

Calendar of Non-Audit Activities: July 1, 2025 through June 30, 2027

Non-Audit Responsibilities*			7/1/2025-6/30/2026				7/1/2026-6/30/2027			
			Quarter I Jul - Sep	Quarter II Oct - Dec	Quarter III Jan - Mar	Quarter IV Apr - Jun	Quarter I Jul - Sep	Quarter II Oct - Dec	Quarter III Jan - Mar	Quarter IV Apr - Jun
Education Law/Commissioner's Regulation Compliance										
Survey 1 - Financial Statements	7/1/2025	6/30/2026								
Survey 2/3 - Management Letter, Extraclassroom Audit, CAPs and Board Approvals	7/1/2025	6/30/2026								
Survey 4 - Single Audit Threshold/Exemption Form	7/1/2025	6/30/2026								
Survey 5 - Single Audit CAPs	7/1/2025	6/30/2026								
Survey 6 - Internal Control Reports and CAPs	7/1/2025	6/30/2026								
Survey 6B - Internal Audit Function Exemption	7/1/2025	6/30/2026								
Survey 7 - Regulatory Audits and CAPs	7/1/2025	6/30/2026								
NYSED Application Business Portal Monitoring	7/1/2025	6/30/2026								
Federal Regulation Compliance (2 CFR 200)										
Issuance of Management Decision Letters	7/1/2025	6/30/2026								
Single Audit Reviews - Other than SD's/BOCES	7/1/2025	6/30/2026								
Single Audit Reporting Monitoring - FAC Lists	7/15/2025	6/30/2026								
FSandSingleAudit Mailbox	7/1/2025	6/30/2026								
Federal Awards Payment Data	3/1/2026	5/31/2026								
Audit Liaison - NYS Single Audit	4/1/2025	11/30/2025								
Internal Controls & Audit Standards Compliance										
Division of the Budget (DOB) Internal Controls Certification	7/1/2025	6/30/2026								
Continuing Professional Education (CPE)	7/1/2025	6/30/2026								
Program-Specific Oversight Activities										
OSE - Special Education Application Reviews	7/1/2025	6/30/2026								
OCUE - Financial Condition Assessments	7/1/2025	6/30/2026								
Continuous Responsive Oversight Functions										
Fraud, Waste, and Abuse (FWA) Oversight	7/1/2025	6/30/2026								
Audit Liaison - OSC Performance Audits of SED	7/1/2025	6/30/2026								
OAS Mailbox	7/1/2025	6/30/2026								

* These responsibilities will be completed on an annual basis.