



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

TO: Audits/Budget and Finance Committee
FROM: Sharon Cates-Williams *Sharon Cates-Williams*
SUBJECT: Board of Regents Oversight of Financial Accountability
DATE: April 11, 2016
AUTHORIZATION(S): *Mary Ellen Elin*

SUMMARY

Issues for Discussion

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

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

Reason(s) for Consideration

Update on activities.

Proposed Handling

Discussion and guidance.

Procedural History

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

Background Information

1. Completed Audits including the Report of the Internal Audit Workgroup

The Committee is being presented with ninety-five audits for the January through April 2016 period (Attachments I & II).

Audits are as follows:

City of New York Office of the Comptroller

South Bronx Charter School for International Cultures and the Arts

Office of the State Comptroller

Alexander Central School District
Altmar-Parish-Williamstown Central School District
Ardley Union Free School District
Arlington Central School District
Avoca Central School District
Babylon Union Free School District
Berkshire Union Free School District
Brocton Central School District
Brookhaven-Comsewogue Union Free School District
Brushon-Moira Central School District
Candor Central School District
Cazenovia Central School District
Chazy Union Free School District
Clinton-Essex-Warren-Washington BOCES
Clyde-Savannah Central School District
Cobleskill-Richmondville Central School District
Dobbs Ferry Union Free School District
East Greenbush Central School District
East Islip Union Free School District
East Meadow Union Free School District
East Rockaway Union Free School District
Elizabeth-Lewis Central School District
Erie Community College
Finger Lakes United Cerebral Palsy
Fire Island Union Free School District
George Junior Republic Union Free School District
Gilbertsville-Mount Upton Central School District
Haldane Central School District
Hancock Central School District
Honeoye Central School District
Huntington Union Free School District
Inlet Common School District
Inspire (Orange County Cerebral Palsy Association)
Ithaca City School District
Jamestown City School District
Jefferson Central School District

Johnson City Central School District
Just Kids Early Childhood Learning Center
Keene Central School District
Kew Gardens SEP, Inc.
Kids-Centric, Inc.
Kings Park Central School District
Lansing Central School District
Little Flower Union Free School District
Lockport City School District
Lowville Academy and Central School District
Madison Central School District
Menands Union Free School District
Mid Island Therapy Associates, LLC
Mineola Union Free School District
Morris Central School District
Nanuet Union Free School District
New Lebanon Central School District
Newfane Central School District
Newmeadow, Inc.
New York City Department of Education
Oneida-Herkimer-Madison BOCES
Otego-Unadilla Central School District
Otsego Northern Catskills BOCES
Otselic Valley Central School District
Pachogue-Medford Union Free School District
Penn Yan Central School District
Piseco Common School District
Pleasantville Union Free School District
Poland Central School District
Putnam Central School District
Randolph Academy Union Free School District
Ravena-Coeymans-Selkirk Central School District
Remsen Central School District
Rivendell School
Rome City School District
Rondout Valley Central School District
Roosevelt Union Free School District
Royalton-Hartland Central School District
Saranac Central School District
Silver Creek Central School District
South Seneca Central School District
Southern Cayuga Central School District
Springville-Griffith Institute Central School District
Starpont Central School District
Starting Point Services for Children
Story Place Preschool
Sullivan County BOCES
Three Village Central School District
Tompkins-Seneca-Tioga BOCES

United Cerebral Palsy Association of the Rochester Area, Inc.
United Community Services, Inc.
Unity House of Troy
Upstate Cerebral Palsy
Wallkill Central School District
Westhampton Beach Union Free School District
Words `N Motion
Yeled v`Yalda Early Childhood Center
Yonkers City School District

Recommendation

No action required for audit initiatives and presentation of audits.

Timetable for Implementation

N/A

The following materials are attached:

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

**Regents Committee on Audits/Budget and Finance
January through April 2016
Review of Audits Presented
Department's Internal Audit Workgroup**

Newly Presented Audits

The Department's Internal Audit Workgroup reviewed the ninety-five audits that are being presented to the Committee. Ninety-four audits were issued by the Office of the State Comptroller (OSC) and one audit was issued by the City of New York Office of the Comptroller. Seventy-two audits were of school districts, one community college, five BOCES, sixteen providers of special education services, and one charter school.

The findings were in the areas of procurement, capital construction, claims processing, payroll/leave accruals, cash, budgeting/financial reporting, grant reporting compliance, information technology, segregation of duties, banking, conflict of interest/internal controls, Reimbursable Cost Manual compliance, inventory control, reserve funds, tuition billing, tax certiorari, extra-classroom activity, school lunch, fuel accountability, contracting, education requirements, separation benefits, and special education.

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 Department's Internal Audit Workgroup reviewed all the audits and determined that there are no specific audits to bring to the Committee's attention.

Audit	Procurement	Capital Construction	Claims Processing	Payroll/Leave Accruals	Cash	Budgeting/ Financial Reporting	Grant Reporting Compliance	Information Technology	Segregation of Duties	Banking	Conflict of Interest/Internal Controls	Reimbursable Cost Manual Compliance	Other
Alexander Central School District						√							
Altmar-Parish-Williamstown Central School District						√							
Ardsley Union Free School District (footnote 2)													√
Arlington Central School District													
Avoca Central School District (footnote 10)													√
Babylon Union Free School District (footnote 2)						√							√
Berkshire Union Free School District						√							
Brocton Central School District	√												
Brookhaven-Comsewogue Union Free School District													
Brushton-Moira Central School District (footnote 2)						√							√
Candor Central School District (footnote 6)													√
Cazenovia Central School District (footnote 2)						√							√
Chazy Union Free School District													
Clinton-Essex-Warren-Washington BOCES (footnote 10)													√
Clyde-Savannah Central School District (footnote 2)						√							√
Cobleskill-Richmondville Central School District													
Dobbs Ferry Union Free School District													
East Greenbush Central School District													
East Islip Union Free School District (footnote 2)						√							√
East Meadow Union Free School District (footnote 2)						√							√
East Rockaway Union Free School District	√												
Elizabethtown-Lewis Central School District													
Erie Community College	√			√							√		
Finger Lakes United Cerebral Palsy												√	
Fire Island Union Free School District													
George Junior Republic Union Free School District													
Gilbertsville-Mount Upton Central School District (footnote 6)													√
Haldane Central School District						√		√					
Hancock Central School District (footnote 6)													√
Honeoye Central School District				√					√		√		
Huntington Union Free School District (footnote 2)						√							√

Rivendell School and the State Education Department													√	
Rome City School District (footnote 2)						√								√
Rondout Valley Central School District (footnote 2)						√								√
Roosevelt Union Free School District	√		√											
Royalton-Hartland Central School District (footnote 2)						√								√
Saranac Central School District				√					√		√			
Silver Creek Central School District (footnote 2)						√								√
South Bronx Charter School for Intl Cultures and the Arts												√		
South Seneca Central School District (footnote 2)		√				√								√
Southern Cayuga Central School District (footnote 2)		√				√								√
Springville-Griffith Institute Central School District (footnote 2)	√		√			√					√			√
Starpoint Central School District (footnote 2)						√								√
Starting Point Services for Children													√	
Story Place Preschool													√	
Sullivan County BOCES														
Three Village Central School District (footnote 7)														√
Tompkins-Seneca-Tioga BOCES (footnote 7)														
United Cerebral Palsy Association of the Rochester Area, Inc.													√	
United Community Services, Inc.													√	
Unity House of Troy													√	
Upstate Cerebral Palsy													√	
Wallkill Central School District (footnote 2)						√								√
Westhampton Beach Union Free School District														
Words `N Motion													√	
Yeled v`Yalda Early Childhood Center													√	
Yonkers City School District (footnote 1)														√
Totals	7	4	5	6	0	34	1	1	3	0	8		16	40

Footnotes

- | | | | |
|---|-------------------|----|------------------------|
| 1 | Inventory Control | 7 | Fuel Accountability |
| 2 | Reserve Funds | 8 | Contracting |
| 3 | Tuition Billing | 9 | Education Requirements |
| 4 | Tax Certiorari | 10 | Separation Benefits |
| 5 | Extra classroom | 11 | Special Education |
| 6 | School Lunch | | |

Definitions of Categories

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

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

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

Payroll/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.

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

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.

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

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

Banking – includes findings related to electronic banking.

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

Information Technology – includes lack of a disaster recovery plan, failure to back up information, inappropriate or undocumented user rights, inappropriate or missing password protection, policy and procedures, and disposal of computer equipment.

Extra-Classroom Activity Fund – includes poor accounting over funds and documentation of expenses.

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.

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

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

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

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

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

Other – includes findings related to inventory, reserve funds, tuition billing, tax certiorari, extra classroom activities, school lunch, fuel accountability, contracting, and education requirements in various audit reports.

**Audit Report Abstracts
Regents Committee on Audits/Budget and Finance
January through April 2016**

City of New York Office of the Comptroller		
Audit	Major Finding(s)	Recommendation/Response
<p>South Bronx Charter School for International Cultures and the Arts Financial Operations Oversight FM15-091A 12th Judicial District</p>	<p>The audit found that although the School generally reported its revenue and expenses accurately and has correctly reported student enrollment to DOE, it did not consistently follow its established internal control procedures to ensure the proper oversight of all its financial activities.</p>	<p>9 recommendations</p> <p>The report's recommendations focused on School officials updating policies and procedures ensuring internal control weaknesses are addressed; ensuring expenditures are documented and invoices are properly approved; and referring the principal's after school payments to the Board for review.</p> <p><i>School officials generally agreed with the report's recommendations and indicated that they are taking corrective action.</i></p>
Office of the State Comptroller		
Audit	Major Finding(s)	Recommendation/Response
<p>Alexander Central School District Financial Condition 2015M-227 8th Judicial District</p>	<p>The Board did not adopt realistic budgets or ensure that reserves were reasonably funded. District officials consistently overestimated expenditures during the last five fiscal years (2010-11 through 2014-15).</p>	<p>2 recommendations</p> <p>The report's recommendations focused on District officials developing realistic estimates of expenditures and the use of fund balances in the annual budget and the use of excess reserves.</p>

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		<p><i>District officials generally agreed with the recommendations and indicated that they planned to initiate corrective action.</i></p>
<p>Altmar-Parish-Williamstown Central School District Financial Condition 2015M-232 5th Judicial District</p>	<p>During the audit period, the Board and District officials did not develop reasonable budgets or effectively manage the District’s financial condition to ensure that the general fund’s unrestricted fund balance was within the statutory limit. Over the last four fiscal years, the District spent nearly \$3 million less than planned and only used \$1.5 million of the over \$4 million of appropriated fund balance that was budgeted to finance operations. As a result, the District’s year-end unrestricted fund balance as a percentage of the next year’s budgetary appropriations averaged about 41 percent over the last four years, which is more than 10 times the statutory limit.</p>	<p>4 recommendations</p> <p>The report's recommendations focused on the District ensuring that the unrestricted fund balance is in compliance with Real Property Tax Law; developing a formal plan to reduce unrestricted fund balance that benefits District taxpayers; developing procedures to ensure more realistic budgets are adopted; and reviewing tax certiorari reserve amounts to determine if reserves are reasonable and necessary.</p> <p><i>District officials generally agreed with the report's recommendations and have indicated that they plan to take corrective action.</i></p>
<p>Ardley Union Free School District Reserve Funds 2015M-348 9th Judicial District</p>	<p>The District’s compensated absences reserve, also referred to as an employee benefit accrued liability reserve (EBALR), exceeded the amount deemed necessary to pay employees for accrued and unused sick and vacation leave time when they leave District employment by almost \$178,000.</p>	<p>1 recommendation</p> <p>The report's recommendation focused primarily on the Board only including payouts to eligible employees when determining the amount to fund the EBALR.</p> <p><i>District officials generally agreed with the</i></p>

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		<i>recommendation and indicated they planned to take corrective action.</i>
Arlington Central School District Cooperative Services/ Computer Inventory 2015M-317 9th Judicial District	Overall, the audit found that District officials have established adequate controls over the computer inventory that allows computer equipment to be tracked efficiently.	There were no recommendations.
Avoca Central School District Separation Payments 2015M-273 7th Judicial District	District officials have not developed written policies or procedures to formalize the separation payment process.	1 recommendation The report's recommendation focused on District officials developing written policies and procedures for separation payments. <i>District officials agreed with the recommendation.</i>
Babylon Union Free School District Financial Condition 2015M-323 10th Judicial District	The Board adopted budgets for fiscal years 2011-12 through 2014-15 that appropriated a total of \$9.9 million in fund balance to finance District operations. However, because the District consistently overestimated appropriations by a total of \$10.1 million over the four-year period, 94 percent of the appropriated fund balance was not used. Furthermore, the District did not have proper documentation for the establishment and use of three of its four reserve funds. The District also overfunded the workers' compensation reserve fund; its \$785,000 balance is more than seven times its annual expenditures of	5 recommendations The report's recommendations focused on the Board and District officials using the surplus unrestricted fund balance in ways to benefit taxpayers; discontinue adopting budgets that result in appropriating fund balance not needed to fund operations; and ensuring all reserve funds are properly established. <i>District officials generally agreed with the</i>

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	\$106,000.	<i>recommendations and indicated that they planned to take corrective action.</i>
<p>Berkshire Union Free School District Financial Condition 2015M-310 3rd Judicial District</p>	<p>District officials did not adequately monitor the District’s financial condition. The District reported fund balance deficits for four consecutive fiscal years, in part due to shortfalls in budgeted tuition revenue. Further, the District’s student population has declined and collections of billed tuition are not timely.</p>	<p>3 recommendations</p> <p>The report's recommendations focused on District officials developing a plan to repay outstanding Revenue Anticipation Notes; and monitoring revenues and expenditures throughout the year to avoid incurring expenditures in excess of available resources.</p> <p><i>District officials generally agreed with the recommendations and indicated they planned to take corrective action.</i></p>
<p>Brocton Central School District Purchasing 2015M-305 8th Judicial District</p>	<p>District officials did not use competitive bidding to procure goods from vendors and the Board has not adopted policies and procedures governing the procurement of goods and services when competitive bidding is not required.</p>	<p>3 recommendations</p> <p>The report's recommendations focused on District officials developing policies and procedures for procurement of professional services, bidding thresholds, use of RFPs, and written/verbal quotes.</p> <p><i>District officials agreed with the recommendations and indicated they planned to initiate corrective action.</i></p>

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<p>Brookhaven-Comsewogue Union Free School District Professional Services 2015M-267 10th Judicial District</p>	<p>District officials have established and complied with comprehensive purchasing policy and procedures that provide guidance as to when items must be competitively bid and when proposals or quotes should be obtained for purchases not required to be competitively bid.</p>	<p>There were no recommendations.</p>
<p>Brushton-Moira Central School District Financial Condition 2015M-340 4th Judicial District</p>	<p>The District has accumulated unrestricted fund balance that exceeds the statutory limit by approximately \$2.3 million (approximately 13 percentage points) and has levied more taxes than were needed to fund operations during the 2013-14 through 2015-16 fiscal years by that same amount.</p>	<p>4 recommendations</p> <p>The report's recommendations focused on the Board adopting budgets that include realistic estimates; discontinue adopting budgets that result in appropriation of fund balance that is not used; and ensuring unrestricted fund balance is in compliance with Real Property Tax Law.</p> <p><i>District officials generally agreed with the recommendations and indicated that they planned to take corrective action.</i></p>
<p>Candor Central School District School Lunch Operations 2015M-173 6th Judicial District</p>	<p>The District is serving nutritious meals to its students. However, the meals cost more to prepare than the revenue generated by the meal sales. In addition, the District's productivity level for meals per labor hour (MPLH) is below the industry average. Although the industry average may not be achievable given certain District conditions, District officials can use the industry average to monitor operations and work towards increasing productivity.</p>	<p>2 recommendations</p> <p>The report's recommendations focused on the District closely monitoring cafeteria operational costs; and monitoring the MPLH and considering taking measures to move toward the industry standard for MPLH.</p> <p><i>District officials generally agreed with the</i></p>

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		<i>report's recommendations and indicated that they have initiated corrective action.</i>
Cazenovia Central School District Financial Condition 2015M-327 5th and 6th Judicial Districts	The audit reviewed budget-to-actual results for fiscal years 2011-12 through 2014-15 and found that the Board adopted budgets with realistic revenue and expenditure estimates. However, the Board has relied on appropriated fund balance as a financing source in the annual budgets, causing the District to incur planned operating deficits in the general fund. As a result, the District's total general fund balance declined by more than \$3.3 million (57 percent) over the past four years.	2 recommendations The report's recommendations focused on District officials continuing to pursue opportunities for savings; and avoiding overreliance on appropriated fund balance. <i>District officials generally agreed with the recommendations and indicated they planned to initiate corrective action.</i>
Chazy Union Free School District Payroll 2015M-252 4th Judicial District	The audit found that District officials established adequate procedures for payroll to ensure employees were accurately paid at their approved salaries or wages. It was also determined that the various procedures for the District's payroll process provided adequate supervision and oversight.	There were no recommendations.
Clinton-Essex-Warren-Washington BOCES Payroll 2015M-353 4th Judicial District	BOCES officials established adequate procedures for processing payroll to ensure employees were accurately paid at their approved salaries or wages but did not establish adequate procedures to ensure employees were accurately paid separation payments.	2 recommendations The report's recommendations focused on BOCES officials implementing an independent review of separation payments and reviewing the excessive separation payments addressed in the report to seek recovery of funds.

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		<i>BOCES officials generally agreed with the recommendations and indicated they planned to initiate corrective action.</i>
Clyde-Savannah Central School District Financial Condition 2015M-332 7th Judicial District	The Board did not adopt realistic budgets based on historical or known trends. District officials' budgeting practices generated \$4.3 million in surpluses from fiscal years 2012-13 through 2014-15 despite having budgeted for operating deficits to reduce fund balance. To keep fund balance within the statutory limit, District officials transferred \$5.7 million to the District's reserves in the three years reviewed. District officials also continuously appropriated \$250,000 annually in fund balance for the last three years that it has not used. It also found that the capital facilities improvement reserve, capital transportation vehicles reserve, retirement contributions reserve, insurance reserve and liability reserve, totaling approximately \$7.7 million, were overfunded and potentially unnecessary.	4 recommendations The report's recommendations focused on District officials adopting budgets based on District needs including realistic estimates; developing a plan to reduce unrestricted fund balance in a manner to benefit taxpayers; reviewing reserve balances for necessity and statutory compliance <i>District officials generally agreed with the recommendations and indicated they plan to initiate corrective action.</i>
Cobleskill-Richmondville Central School District Special Education Services 2015M-345 3rd Judicial District	District officials provided cost effective special education services to District students and saved the District approximately \$1.7 million in program and related services costs during 2014-15. Further, the audit estimated that the District saved 13 other districts approximately \$1.3 million during the same year as their authorized service provider.	There were no recommendations.
Dobbs Ferry Union Free School District Reserve Funds	The audit analyzed reserves for reasonableness and adherence to statutory requirements and determined that all seven reserves were funded at reasonable	There were no recommendations.

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2015M-264 9th Judicial District	<p>levels. While the tax certiorari reserve balance exceeded the District's average historical settlement as a percentage of the original claim amount, the excess amount is reasonable.</p>	
East Greenbush Central School District Claims Processing 2015M-302 3rd Judicial District	<p>District officials have established effective procedures to ensure claims are adequately documented and supported, for legitimate District purposes, and approved prior to payment, in accordance with District policy and Education Law.</p>	<p>There were no recommendations.</p>
East Islip Union Free School District Financial Condition 2015M-283 10th Judicial District	<p>The audit reviewed the District's budgets from 2011-12 through 2014-15 and found that general fund expenditures were less than budgeted appropriations for each year. District officials overestimated expenditures by \$16.9 million over that four-year period. Furthermore, District officials did not have resolutions establishing two reserves totaling \$1.7 million or resolutions that included the intent or funding levels for three reserves totaling \$4.1 million. In addition, District officials have overfunded the unemployment reserve.</p>	<p>6 recommendations</p> <p>The report's recommendations focused on the Board and District officials adopting realistic budgets; updating policies and procedures; and ensuring that reserve funds are established and funded in accordance with District standards.</p> <p><i>District officials generally agreed with the report's recommendations and have indicated that they plan to initiate corrective action.</i></p>
East Meadow Union Free School District Financial Condition 2015M-332 10th Judicial District	<p>The Board and District officials have not adequately managed the District's financial condition. The Board adopted budgets for fiscal years 2012-13 through 2014-15 that appropriated a total of \$49.6 million in fund balance to finance operations. Because the District consistently overestimated expenditures by a total of \$29.4 million over the three-year period, it used only \$11 million (22 percent) of the appropriated fund</p>	<p>6 recommendations</p> <p>The report's recommendations focused on District officials revising fund balance policies to ensure compliance with statutory requirements; and using surplus unrestricted fund balance in ways that benefit District residents.</p>

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	balance. In addition, the District’s fund balance policy is not in compliance with statutory requirements.	<i>District officials generally agreed with the report's recommendations and have indicated that they plan to take corrective action.</i>
East Rockaway Union Free School District Purchasing 2015M-253 10th Judicial District	District officials did not always comply with the District’s purchasing policy and procedures when procuring professional services and for other purchases whose cost was under the bidding threshold.	4 recommendations The report's recommendations focused on District Officials complying with the District's purchasing policies and procedures; ensuring professional service providers sign contract agreements before they provide services; and paying vendors according to their contracts <i>District officials generally agreed with the report's recommendations and have indicated that they plan to initiate corrective action.</i>
Elizabethtown-Lewis Central School District Claims Processing 2015M-297 4th Judicial District	District officials have established adequate procedures over the claims processing function to ensure that claims were for appropriate purposes, adequately supported, and audited and approved prior to payment.	There were no recommendations.
Erie Community College Board Oversight and Management of College Resources 2015M-212 8th Judicial District	The Board has taken a passive role and yielded much of its rightful decision-making duties and authority to the President. The President and other College officials have been allowed to act independently of the Board and have made significant decisions out of the view of the public and students. The report notes deficiencies	22 recommendations The report's recommendations focused primarily on the Board taking an active role in all significant financial decisions; authorizing salaries; updating policies for

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	<p>that illustrate the lack of Board oversight.</p>	<p>time and attendance, procurement, and affiliated entities; and officials maintaining separate relationships with their affiliated entities.</p> <p><i>College officials generally agreed with the report's recommendations and indicated that they are taking corrective action.</i></p>
<p>Finger Lakes United Cerebral Palsy and the State Education Department Compliance with the Reimbursable Cost Manual 2015-S-10 7th Judicial District</p>	<p>\$15,454 adjustment (.5% of \$3.4 million reported in reimbursable costs on the CFR for the year audited)</p> <p>For the fiscal year ended June 30, 2013, the audit identified \$15,454 in costs charged to the Programs that did not comply with the Department's requirements for reimbursement.</p>	<p>3 recommendations</p> <p>It is recommended that the Department review the disallowances and make the necessary adjustments to the School's reimbursement rates; and remind School officials of the guidelines related to the deficiencies identified. It is also recommended that School officials ensure that costs reported on annual CFRs comply with the Department's requirements.</p> <p><i>Department officials agreed with the recommendations and will implement adjustments as appropriate.</i></p>
<p>Fire Island Union Free School District Leave Accruals 2015M-289 10th Judicial District</p>	<p>The audit found that District officials maintained accurate records of accrual and use of employee leave time. The audit also found that District officials granted leave time based on applicable employment contracts or collective bargaining agreements.</p>	<p>There were no recommendations.</p>

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<p>George Junior Republic Union Free School District Tuition Billing 2015M-325 6th Judicial District</p>	<p>The audit found that District officials properly billed and collected tuition.</p>	<p>There were no recommendations.</p>
<p>Gilbertsville-Mount Upton Central School District Cafeteria Operations 2015M-351 6th Judicial District</p>	<p>District officials recognized the declining school lunch fund balance and that the average daily participation rate decreased by 13 percent, from 2012-13 through 2014-15. However, officials did not prepare a per-meal cost analysis to determine if lunch pricing was adequate.</p>	<p>1 recommendation</p> <p>The report's recommendation focused primarily on District officials performing routine meal cost analysis to ensure that they are raising enough revenue to cover cafeteria expenditures.</p> <p><i>District officials generally agreed with the recommendation and indicated that they planned to take corrective action.</i></p>
<p>Haldane Central School District Budget Transfers and Information Technology 2015M-279 9th Judicial District</p>	<p>The Board needs to improve its monitoring of budget activity. District officials continued to spend appropriation accounts even after the budget reports showed negative account balances. The audit also found that the District did not develop and implement comprehensive IT controls to safeguard IT assets and data from unauthorized access. The rooms housing servers and other IT infrastructure were unlocked and did not have other adequate safeguards. The hardware inventory that District officials provided was outdated, and no software inventory is maintained. Lastly, the disaster recovery plan did not contain adequate information to guide District officials and staff</p>	<p>10 recommendations</p> <p>The report's recommendations focused on District officials updating their budget transfer policy as well as reviewing budget status reports. The recommendations also included updating their disaster recovery plan; maintaining up-to-date inventories; and assuring proper controls over access rights for users.</p> <p><i>District officials generally agreed with the recommendations and indicated they plan</i></p>

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	in the event of a disaster affecting IT operations.	<i>to initiate corrective action.</i>
Hancock Central School District School Lunch Operations 2015M-176 6th Judicial District	The District is serving nutritious meals to its students. However, the meals cost more to prepare than the revenue generated by the meal sales. In addition, the District's productivity level for meals per labor hour (MPLH) is below the industry averages. Although the industry averages may not be achievable given certain District conditions, District officials can use the industry averages to monitor operations and work toward increasing productivity.	2 recommendations The report's recommendations focused on District officials closely monitoring cafeteria operational costs and implementing plans to control costs; and monitoring the MPLH and consider moving toward the industry standard for MPLH. <i>District officials generally agreed with the report's recommendations and indicated that they have initiated corrective action.</i>
Honeoye Central School District Payroll 2015M-277 7th Judicial District	Although the audit did not find any material discrepancies, it was found that District officials have not established adequate internal controls over payroll. Specifically, the audit found District officials did not adequately segregate payroll duties or establish sufficient compensating controls.	1 recommendation The report's recommendation focused on District officials appropriately segregating the duties of the payroll clerk. <i>District officials generally agreed with the report's recommendation and have initiated corrective action.</i>
Huntington Union Free School District Financial Condition 2015M-356	Over the past three years, the Board appropriated nearly \$6.4 million of fund balance, which should have resulted in planned operating deficits each year. Because District officials overestimated expenditures in	2 recommendations The report's recommendations focused on the Board developing procedures for

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10th Judicial District	the adopted budgets, the District experienced large operating surpluses in each of those years.	adoption of reasonable budgets and cease adopting budgets that result in appropriation of fund balance that will not be used. <i>District officials generally agreed with the recommendations and indicated that they planned to take corrective action.</i>
Inlet Common School District Claims Auditing 2015M-285 4th Judicial District	Except for minor discrepancies, all the claims reviewed were properly authorized and documented, were for appropriate District purposes and audited and approved by the Board before they were paid.	There were no recommendations.
Inspire (Orange County Cerebral Palsy Association) and the State Education Department Compliance with the Reimbursable Cost Manual 2014-S-80 9th Judicial District	\$226,382 adjustment (3.5% of \$6.4 million reported in reimbursable costs on the CFR for the year audited) For the fiscal year ended June 30, 2013, Inspire claimed \$226,382 in ineligible costs for its six rate-based preschool special education programs. The ineligible costs included \$149,768 in personal service costs and \$76,614 in other than personal service costs.	4 recommendations It is recommended that the Department review the disallowances, make the appropriate adjustments to costs reported on the CFRs and to reimbursement rates, and work with Inspire officials. <i>The Department agreed with the recommendations.</i>
Ithaca City School District Financial Condition 2015M-318 6th Judicial District	The District officials were commended for taking positive steps to budget responsibly during financially challenging times.	1 recommendation The report's recommendation focused on District officials continuing to examine cost savings opportunities. <i>District officials agreed with the</i>

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		<p><i>recommendation and indicated that they plan to initiate corrective action.</i></p>
<p>Jamestown City School District Financial Condition 2015M-120 8th Judicial District</p>	<p>District officials’ overreliance on fund balance to finance operations resulted in planned operating deficits during the audit period and reduced unrestricted fund balance. Given the size of the District’s operations, fund balance has been reduced to a dangerously low level. The Board should ensure that the level of unrestricted fund balance remaining is sufficient to provide adequate cash flow and address unforeseen circumstances. The District also lacks a multiyear financial plan for its operations and capital needs.</p>	<p>4 recommendations</p> <p>The report's recommendations focused on the Board adopting a budget in which recurring expenditures are funded by recurring revenues; adopting a fund balance policy that establishes an adequate amount of unrestricted fund balance; ensuring that there is discussion on the use of reserve funds in relation to adopted budgets and clearly communicate decisions to the taxpayers; and developing a multiyear financial plan for a three to five-year period.</p> <p><i>District officials generally agreed with the report's recommendations and plan to initiate corrective action.</i></p>
<p>Jefferson Central School District Fund Balances 2015M-236 3rd and 6th Judicial Districts</p>	<p>As expenditures outpaced revenues, the Board and officials used unrestricted fund balance and certain reserve funds to offset the variance. However, continued reliance on unrestricted fund balance and reserve funds to finance recurring expenditures will put the District in a precarious financial position.</p>	<p>3 recommendations</p> <p>The report's recommendations focused primarily on the Board and District officials establishing formal spending levels and long-term plans for unrestricted fund balance and reviewing reserve balances.</p>

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		<p><i>District officials agreed with the report's recommendations and indicated that they planned to take corrective action.</i></p>
<p>Johnson City Central School District Financial Condition 2015M-204 6th Judicial District</p>	<p>The District realized operating surpluses for seven of the 10 years reviewed. The accumulation of these surpluses over a long period of time resulted in a steady increase in total fund balance. However, the Board did not adopt any formal plans for funding reserves or for the planned use of fund balance. This surplus eventually was consumed by several significant one-time events. If not for these events, the District most likely would have an excessive fund balance.</p>	<p>3 recommendations</p> <p>The report's recommendations focused on District officials including funding and use of reserves in their yearly budget; developing a comprehensive policy for establishing and using reserves; and developing a plan for the use of fund balance and reserves.</p> <p><i>District officials generally agreed with the recommendations.</i></p>
<p>Just Kids Early Childhood Learning Center and the State Education Department Compliance with the Reimbursable Cost Manual 2015-S-13 10th Judicial District</p>	<p>\$417,994 adjustment (.8% of \$53.7 million reported in reimbursable costs on the CFR for the years audited)</p> <p>For the three fiscal years ended June 30, 2014, the audit identified \$417,994 in reported costs that did not comply with the Reimbursable Cost Manual's requirements and recommend such costs be disallowed. The audit also identified certain less-than-arm's-length transactions by Just Kids that should be re-evaluated.</p>	<p>4 recommendations</p> <p>It is recommended that the Department review the disallowances and make adjustments to costs reported on CFRs and reimbursement rates; work with School officials to ensure that only eligible costs are included in the CFRs; and re-evaluate the less-than-arms-length lease.</p> <p><i>The Department agreed with the recommendations.</i></p>

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<p>Keene Central School District Claims Processing 2015M-299 4th Judicial District</p>	<p>District officials established effective procedures that ensure claims are audited in a timely manner and in accordance with District policy.</p>	<p>There were no recommendations.</p>
<p>Kew Gardens SEP, Inc. and the State Education Department Compliance with the Reimbursable Cost Manual 2014-S-63 1st, 2nd, 11th, 12th, and 13th Judicial Districts</p>	<p>\$295,997 adjustment (3.0% of \$9.8 million reported in reimbursable costs on the CFR for the years audited)</p> <p>The audit covered expenses claimed on the Consolidated Fiscal Report (CFR) for fiscal year 2012-13 and certain expenses claimed for the two fiscal years ended June 30, 2012. The audit identified \$295,997 in reported costs that did not comply with the requirements in the Manual.</p>	<p>3 recommendations</p> <p>It is recommended that the Department review the disallowances resulting from the audit, and make the appropriate adjustments to costs reported on the CFRs and to Kew Gardens' reimbursement rates, along with working with Kew Gardens' officials to help ensure that only eligible costs are included in their CFRs.</p> <p><i>The Department agreed with the recommendations.</i></p>
<p>Kids-Centric, Inc. and the State Education Department Compliance with the Reimbursable Cost Manual 2014-S-73 1st, 2nd, and 11th Judicial District</p>	<p>\$301,601 adjustment (2.1% of \$14.2 million reported in reimbursable costs on the CFR for the years audited)</p> <p>The audit covered expenses claimed on the CFR for fiscal year 2012-13, and certain expenses claimed on the CFRs for the two fiscal years ended June 30, 2012.</p>	<p>3 recommendations</p> <p>It is recommended that the Department review the disallowances resulting from the audit, and make the appropriate adjustments to costs reported on the CFRs and to Kids-Centric's reimbursement rates, along with working with center officials to help ensure that only eligible costs are included in their CFRs.</p>

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		<p><i>The Department agreed with the recommendations.</i></p>
<p>Kings Park Central School District Fuel Inventory 2015M-282 10th Judicial District</p>	<p>District officials have not adopted a policy for fuel inventory accountability, and there were no written procedures to provide guidance to employees. Officials did not reconcile fuel pump readings to physical inventory or require all employees to account for the fuel pumped.</p>	<p>3 recommendations</p> <p>The report's recommendations focused on District officials adopting written policies and procedures for fuel accountability; ensuring that fuel inventory records are periodically reconciled; and requiring all employees that use fuel document the gallons pumped, vehicle used, and the type of fuel.</p> <p><i>District officials generally agreed with the recommendations.</i></p>
<p>Lansing Central School District Financial Management 2015M-256 6th Judicial District</p>	<p>District officials did not properly manage fund balance or ensure budget estimates and all reserve fund balances were reasonable. While most reserve fund balances were reasonable, one was overfunded.</p>	<p>3 recommendations</p> <p>The report's recommendations focused on the Board and District officials ensuring the amounts of unassigned fund balance complies with statutory limits; developing realistic budgets appropriations; and reviewing balance reserves.</p> <p><i>District officials generally agreed with the report's recommendations and plan to take corrective action.</i></p>

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<p>Little Flower Union Free School District Tuition 2015M-233 10th Judicial District</p>	<p>The District has contracts with 39 of 43 home school districts or counties stating the District will bill tuition monthly and that payment is due within either 30 or 60 days. Because it does not have a contract with four school districts or counties, disputes over payment terms or the District’s entitlement to amounts billed could occur. District officials explained that payments are often delayed at the beginning of the school year while contracts are being negotiated.</p>	<p>2 recommendations</p> <p>The report's recommendations focused primarily on District officials ensuring the District has a written agreement including specific payment terms with all home school districts and counties; and continuing efforts to collect all past-due amounts billed.</p> <p><i>District officials generally agreed with the report's recommendations and indicated that they plan to initiate corrective action.</i></p>
<p>Lockport City School District Monitoring Transportation Contracts and Costs 2015M-200 8th Judicial District</p>	<p>The District uses the services of an outside vendor (Vendor) for student transportation. The District also contracted with a Consultant to oversee and coordinate transportation services for \$32,600 annually. However, the audit found that, as reported in a prior audit, the companies of the Consultant and the Vendor appear to be related or affiliated to each other. This apparent relationship between the two companies raises a substantial concern as to whether the Consultant could truly provide independent monitoring and consulting services in the District’s best interests. Despite the concerns raised in the prior audit and a report by an independent transportation advisor hired by the Board, the District entered into a new contract with the same Consultant when the contract expired in 2009.</p>	<p>3 recommendations</p> <p>The report's recommendations focused on officials periodically evaluating contracts and seeking competitive bids for transportation services; requiring vendors to submit records used in calculating the annual fuel use; and ensuring mileage information used to calculate fuel usage complies with contracts.</p> <p><i>District officials generally agreed with the recommendations.</i></p>

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<p>Lowville Academy and Central School District Financial Condition 2015M-220 5th Judicial District</p>	<p>The Board and District officials did not manage fund balance in accordance with statute. Over the last four years, District officials budgeted to use approximately \$7.35 million of fund balance to finance District operations. However, primarily because of unrealistic appropriation estimates (overestimating expenditures); they did not use any of the appropriated fund balance during this period. The District's unassigned fund balance more than doubled from \$5.3 million at the end of 2010-11 to \$10.8 million at the end of 2013-14 year. The unassigned fund balance as a percentage of the next year's budgeted appropriations increased from 21 percent in 2010-11 to 42.6 percent in 2013-14 which is nearly \$9.8 million over the 4 percent limit allowed by Real Property Tax Law.</p>	<p>5 recommendations</p> <p>The report's recommendations focused on Board officials ensuring the amount of unassigned fund balance is in compliance with statutory limits; adopting budgets with realistic estimated expenditures and fund balance; developing comprehensive multiyear financial and capital plans; reviewing reserve funds to determine if amounts reserved are necessary and reasonable; and developing a plan for the use of reserves.</p> <p><i>District officials generally agreed with the report's recommendations and indicated they planned to initiate corrective action.</i></p>
<p>Madison Central School District Procurement of Professional Services 2015M-322 5th and 6th Judicial Districts</p>	<p>District officials did not always comply with the District's non-bid purchasing policy and procedures when procuring professional services. The Board also did not formally approve professional services contracts. In addition, there were no written agreements that stipulated the contract period, the services to be provided and the basis for compensation to three professional service providers.</p>	<p>3 recommendations</p> <p>The report's recommendations focused on the Board monitoring procurement of professional services for compliance; ensuring that officials retain purchasing documents; and entering into written agreements for professional services.</p> <p><i>District officials agreed with the recommendations and indicated they planned to initiate corrective action.</i></p>

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<p>Menands Union Free School District Payroll 2015M-268 3rd Judicial District</p>	<p>District officials have established adequate procedures to ensure employees are accurately compensated and deductions made from the employees' pay are authorized and correct.</p>	<p>There were no recommendations.</p>
<p>Mid Island Therapy Associates, LLC and the State Education Department Compliance with the Reimbursable Cost Manual 2014-S-40 10th Judicial District</p>	<p>\$655,055 adjustment (21.8% of \$3 million reported in reimbursable costs on the CFR for the years audited)</p> <p>The audit included all expenses claimed on Mid Island Therapy Associates, LLC (Mid Island), aka All About Kids' Consolidated Fiscal Reports (CFR) for the fiscal year 2012-13, and certain expenses claimed on Mid Island's CFRs for the two fiscal years ended June 30, 2012. For the three fiscal years ended June 30, 2013, the audit identified \$655,055 in reported costs that did not comply with the Reimbursable Cost Manual's requirements and recommend such costs be disallowed.</p>	<p>3 recommendations</p> <p>It is recommended that the Department review the disallowances resulting from the audit, and make the appropriate adjustments to costs reported on the CFRs and to Mid Islands' reimbursement rates, along with working with center officials to help ensure that only eligible costs are included in their CFRs.</p> <p><i>The Department agreed with the recommendations.</i></p>
<p>Mineola Union Free School District Competitive Quotations 2015M-313 10th Judicial District</p>	<p>The Board does not have written guidelines or procedures for seeking competition for purchases that are not subject to competitive bidding requirements. Further, the purchasing agent does not ensure that quotes are obtained or purchases are made through a State or County contract prior to approving the purchase orders.</p>	<p>3 recommendations</p> <p>The report's recommendations focused on District officials developing written procedures for making purchases not subject to competitive bidding; and ensuring that adequate solicitation of competition prior to approving purchase orders.</p> <p><i>District officials agreed with the report's</i></p>

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		<p><i>recommendations and have taken corrective action.</i></p>
<p>Morris Central School District Financial Operations 2015M-251 6th Judicial District</p>	<p>District officials generally ensured claims were properly audited prior to payment. However, the Otsego Northern Catskills Board of Cooperative Educational Services' (ONC BOCES) claims auditor approved all District payments including the payments made to the ONC BOCES. BOCES directly provided claims auditing services to a district using a BOCES employee. The arrangement puts the individual serving as claims auditor in the position of approving significant claims submitted by the BOCES, the individual's employer. Therefore, the claims auditor's objectivity and independence is compromised.</p>	<p>3 recommendations</p> <p>The report's recommendations focused officials ensuring that ONC BOCES' claims are audited and approved by an individual other than the ONC BOCES' claims auditor; discontinuing the practice of allowing the treasurer's electronic signature to be affixed to checks without authorization and/or supervision; and comparing the printed checks to the certified warrants of audited and approved claims prior to checks being mailed.</p> <p><i>District officials generally agreed with the report's recommendations.</i></p>
<p>Nanuet Union Free School District Payroll 2015M-287 9th Judicial District</p>	<p>The District's overtime costs have risen from 38% over the last three fiscal years due to a lack of effective controls and oversight. In addition, District officials did not provide the payroll clerk with written procedures for processing the payroll.</p>	<p>6 recommendations</p> <p>The report's recommendations focused on officials adopting written procedures relating to overtime; ensuring there is pre-approval of overtime; ensuring that overtime information is accurate; providing the payroll clerk with written procedures and guidance; reviewing overpayments to pursue recovery; and reviewing overtime</p>

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		<p>procedures and analyzing reports.</p> <p><i>District officials generally agreed with the report's recommendations.</i></p>
<p>New Lebanon Central School District Financial Condition 2015M-222 3rd Judicial District</p>	<p>Over the last two years, the District's tax levy has not increased. However, District officials' budgeting practices generated \$1.2 million in net operating surpluses. In addition, the Board has repeatedly appropriated fund balance which has gone unused during the same period. When adjusting for those items, the effective percentage of unrestricted fund balance is 16 percent of the 2015-16 appropriations, which exceeds the four percent statutory limit. District officials' continued use of these budgeting and accounting practices resulting in taxpayers paying more than necessary to sustain District operations.</p>	<p>2 recommendations</p> <p>The report's recommendations focused primarily on officials providing transparency through the budget process and developing a plan to use surplus fund balance; and reviewing reserves to determine amounts are necessary, reasonable, and in compliance with statutory requirements.</p> <p><i>District officials generally agreed with the report's recommendations.</i></p>
<p>New York City Department of Education Compliance with State Arts Education Requirements 2015-F-11 1st, 2nd, 11th, 12th, and 13th Judicial Districts</p>	<p>The initial audit report examined whether NYCDOE students (in the 2011 graduating class) completed an Arts Education curriculum that complied with the Department's regulations. The audit found that between 142 and 197 of 310 sampled students (46 to 64 percent) did not meet one or more of the Department's Arts Education requirements.</p> <p>This audit found that NYCDOE officials made significant progress in addressing the issues identified in the initial report.</p>	<p>There were no recommendations with this follow-up audit because both of the prior recommendations were implemented.</p>

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<p>Newfane Central School District Financial Condition 2015M-307 8th Judicial District</p>	<p>The Board and District officials have not properly managed District finances. Furthermore, the District overfunded two reserves by as much as 97%.</p>	<p>4 recommendations</p> <p>The report's recommendations focused on the Board and District officials ensuring that budgeted appropriations are reasonable so that taxes levied are those needed to fund operations; and developing a reserve fund policy.</p> <p><i>District officials generally agreed with the recommendations and indicated that they would review the recommendations.</i></p>
<p>Newmeadow, Inc. and the State Education Department Compliance with the Reimbursable Cost Manual 2015-S-48 4th Judicial District</p>	<p>\$12,059 adjustment (.4% of \$2.9 million reported in reimbursable costs on the CFR for the years audited)</p> <p>For the fiscal year ended June 30, 2014, the audit identified \$12,059 in costs charged to the Programs that did not comply with SED's requirements for reimbursement. We also found unreported less-than-arm's-length (LTAL) relationships that Newmeadow should have disclosed on its CFR and financial statements. The audit also determined that Newmeadow did not maintain sufficient inventory records or have a process for identifying board members' conflicts of interest on an ongoing basis.</p>	<p>4 recommendations</p> <p>It is recommended that the Department review the disallowances and make adjustments to costs reported on CFRs and to reimbursement rates, and work with school officials to ensure that only eligible costs are included in their CFRs. It is also recommended that Newmeadow report all LTAL relationships on the CFR and financial statements; maintain inventory records; and develop a process for identifying board members' conflicts of interest.</p> <p><i>The Department agreed with the recommendations.</i></p>

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<p>Oneida-Herkimer-Madison BOCES Claim Payments 2015M-350 5th and 6th Judicial Districts</p>	<p>Most claims reviewed were properly authorized and approved before payment, appropriately supported and for valid business purposes. However, two tuition claim reimbursements totaling \$11,565 were approved and paid to an administrative employee even though tuition was not reimbursable according to the administrator’s collective bargaining agreement (CBA). The audit also found five claim payments totaling \$20,828 that lacked supporting documentation.</p>	<p>2 recommendations</p> <p>The report's recommendations focused primarily on the Claim Auditor ensuring that tuition reimbursements are authorized by the respective CBA and ensuring that all claims contain sufficient documentation.</p> <p><i>BOCES officials generally agreed with the report’s recommendations and indicated they planned to initiate corrective action.</i></p>
<p>Otego-Unadilla Central School District Financial Condition 2015M-245 6th Judicial District</p>	<p>Although District officials have recently started to take measures to improve their financial condition, they did not properly manage the general fund’s financial condition. Although District officials estimated revenues and expenditures in the 2012-13 through 2014-15 budgets that were reasonable, the adopted budgets were not structurally balanced.</p>	<p>2 recommendations</p> <p>The report's recommendations focused on District officials developing structurally balanced budgets; and seeking alternative ways to lower expenditures.</p> <p><i>District officials generally agreed with the recommendations and indicated that they will take corrective action.</i></p>
<p>Otsego Northern Catskills BOCES Extra-Classroom Activity Funds 2015M-288 6th Judicial District</p>	<p>The Board and BOCES officials generally ensured that the extra-classroom cash receipts and disbursements were properly safeguarded. The Board adopted policies based on the SED regulations and reviewed monthly extra-classroom activity reports.</p>	<p>1 recommendation</p> <p>The report's recommendation focused primarily on BOCES officials developing policies requiring a final accounting of fundraising activities.</p> <p><i>BOCES officials agreed with the report’s</i></p>

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		<i>recommendation and indicated they planned to take corrective action.</i>
Otselic Valley Central School District Capital Project 2015M-263 6th Judicial District	The Board did not properly oversee the District's \$17 million capital project. While the completed project costs were below the amounts budgeted, the Board did not ensure goods and services were procured in compliance with GML or the District's procurement policy. In addition, the Board did not periodically obtain and review budget-to-actual financial reports or review and approve change orders.	3 recommendations The report's recommendations focused on officials ensuring that capital project purchases are competitively bid; obtaining and reviewing budget to actual financial reports for capital projects; and reviewing and approving all project change orders. <i>District officials generally agreed with the report's recommendations and indicated that they planned to take corrective action.</i>
Patchogue-Medford Union Free School District 2016-2017 Budget Review 10th Judicial District	The significant revenue and expenditure projections in the tentative budget are reasonable.	There were no recommendations.
Penn Yan Central School District Separation Payments 2015M-258 7th Judicial District	While the audit found that District officials properly paid separation payments, it could further improve the system of controls by providing for a second review of vacation leave payments by the Assistant Superintendent for Business.	1 recommendation The report's recommendation focused primarily on the Assistant Superintendent for Business reviewing and approving all separation payments prior to processing. <i>District officials agreed with the report's</i>

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		<i>recommendation and have taken corrective action.</i>
Piseco Common School District Claims Auditing 2015M-230 4th Judicial District	District officials were commended for establishing effective procedures to ensure claims are adequately documented and supported, for legitimate District purposes and approved prior to payment in accordance with District policy and Education Law.	There were no recommendations.
Pleasantville Union Free School District Financial Condition 2015M-311 9th Judicial District	The Board adopted budgets from 2010-11 through 2014-15 that included underestimated revenues, overestimated expenditures and appropriated fund balance that was not used to fund operations. The District had three reserves totaling approximately \$3.8 million at the end of 2014-15. Although the District properly established these reserves, the Board and District officials have not established a reserve fund policy stating how much would be set aside in each reserve, how each reserve would be funded or when the reserve funds would be used.	4 recommendations The report's recommendations focused on the Board developing realistic estimates of appropriations and fund balance in the budget; establishing reserve fund policies; and using established reserves for their intended purpose. <i>District officials generally agreed with the recommendations and indicated that they planned to take corrective action.</i>
Poland Central School District Procurement 2015M-355 5th Judicial District	District officials were commended for establishing and implementing an effective system to ensure goods and services were procured in accordance with their procurement policy and applicable statutes.	There were no recommendations.
Putnam Central School District Budgeting 2015M-243 4th Judicial District	The Board and District officials did not effectively manage the District's financial condition by ensuring budget estimates were reasonable and based on historical costs and trends.	3 recommendations The report's recommendations focused on the Board adopting budgets reflecting the

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		<p>District's needs including an estimate of appropriated fund balance; ensuring that the amount of unrestricted fund balance is in compliance with statutory limits; and developing a plan to reduce unrestricted fund balance that benefits District taxpayers.</p> <p><i>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</i></p>
<p>Randolph Academy Union Free School District Financial Management 2015M-248 8th Judicial District</p>	<p>Although the Board and District officials actively monitor the District's financial condition, the District has experienced some fiscal problems during the last six years. As of June 30, 2015, the District reported a fund balance deficit of \$175,000 (2 percent of the ensuing year's budget). The District relies on short-term debt to alleviate cash flow problems, but officials do not monitor cash flow during the year to ensure there will be sufficient cash on hand. Furthermore, as of June 30, 2015, the District had approximately \$932,000 in accounts receivable. Although the Treasurer takes appropriate action to ensure all tuition due the District is collected in a timely fashion, the Board has not adopted written policies and procedures to help guide the billing and collection process.</p>	<p>5 recommendations</p> <p>The report's recommendations focused on the Board and District officials adopting written policies and procedures for tuition billing and collections; and continually monitoring finances for fluctuations in enrollment, operating results, and tuition rates.</p> <p><i>District officials generally agreed with the report's recommendations and indicated that they will take corrective action.</i></p>

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<p>Ravena-Coeymans-Selkirk Central School District Payroll 2015M-326 3rd Judicial District</p>	<p>District officials have established adequate policies and procedures to ensure employees were accurately paid their salaries or wages. The Superintendent reviews and certifies the payrolls; however he does not perform the review and certification prior to the employees being paid.</p>	<p>1 recommendation</p> <p>The report's recommendation focused on the Superintendent reviewing and certifying payrolls prior to the transfer of funds to pay employees.</p> <p><i>District officials generally agreed with the recommendation and have initiated, or indicated they planned to initiate corrective action.</i></p>
<p>Remsen Central School District Fund Balance and Reserves 2015M-306 5th Judicial District</p>	<p>The Board appropriated fund balance to finance operations each year, from 2012-13 through 2014-15. However, the District's fund balance has exceeded the 4 percent legal limit all three fiscal years that were reviewed.</p>	<p>7 recommendations</p> <p>The report's recommendations focused on the Board's assurance that the District's fund balance and fund reserves are in compliance with statutory limits; and that budgets presented to voters are transparent.</p> <p><i>District officials generally agreed with the recommendations and indicated that they planned to take corrective action.</i></p>
<p>Rivendell School and the State Education Department Compliance With the Reimbursable Cost Manual 2015-S-25</p>	<p>\$536,449 adjustment (7.2% of \$7.5 million reported in reimbursable costs on the CFR for the year audited)</p> <p>For the three fiscal years ended June 30, 2014, the audit identified \$536,449 in reported costs that did not comply with Manual requirements and recommend</p>	<p>3 recommendations</p> <p>It is recommended that the Department review the disallowances resulting from the audit, make the appropriate adjustments to costs reported on the CFRs and to Rivendell's reimbursement</p>

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<p>1st, 2nd, 11th, 12th, and 13th Judicial Districts</p>	<p>they be disallowed. The audit also disallowed undocumented extra pay expenses for teachers who did not work sufficient hours to earn extra pay, or the hours worked did not pertain to the SEIT Program.</p>	<p>rates, recover the overpayments as appropriate, along with working with officials to help ensure that only eligible costs are included on their CFRs.</p> <p><i>The Department agreed with the recommendations.</i></p>
<p>Rome City School District Financial Management 2015M-215 5th Judicial District</p>	<p>The District reported year-end unassigned fund balance at levels that essentially complied with the four percent fund balance limit for fiscal years 2011-12 through 2013-14. In addition, to reduce the unassigned fund balance to near the statutory limit in 2011-12, the Board retroactively approved transfers totaling about \$4.2 million to reserve funds after the fiscal year-end, rather than including such transfers in the proposed budget. In 2013-14, the District adopted more realistic expenditure estimates and used \$5.6 million of the \$6.8 million of fund balance appropriated in the budget. However, District officials closed out five of the District's seven reserve funds after year-end and transferred the moneys to unrestricted fund balance, reducing the total reserve balance from \$6.4 million (as of June 30, 2015) to \$1.9 million. These transfers were not transparent to the public because they were not made through the budgeting process. It was further found that nearly \$1.9 million of the transfers did not comply with legal requirements.</p> <p>In the 2014-15 budget, the Board appropriated \$6.2 million of fund balance. However, as of June 30, 2015,</p>	<p>5 recommendations</p> <p>The report's recommendations focused on the Board discontinuing unnecessarily appropriating fund balance as a means of keeping unassigned fund balance within statutory limits; ensuring that budgets presented to residents are transparent and inform of the District's intent to increase reserves; ensuring that expended reserve funds are only used for purposes which the reserve funds were established; and discontinuing reliance on unbudgeted, retroactive transfers to or from reserve funds.</p> <p><i>District officials generally agreed with most of the recommendations and indicated that they would develop a corrective action plan.</i></p>

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	<p>the District did not use any of this appropriated fund balance and actually generated an operating surplus of over \$1.4 million.</p>	
<p>Rondout Valley Central School District Financial Management 2015M-296 3rd Judicial District</p>	<p>The audit reviewed the District’s general fund budget for 2012-13 through 2014-15 fiscal years and found that District officials overestimated expenditures by a total of approximately \$8.6 million. District officials need to improve the budget process to ensure general fund budget estimates, reserves and fund balance are maintained at reasonable levels.</p>	<p>4 recommendations</p> <p>The report's recommendations focused on the Board adopting budgets with reasonably estimated appropriations; and reviewing reserves annually to determine amounts are necessary and reasonable.</p> <p><i>District officials generally agreed with the recommendations and have indicated that they plan to take corrective action.</i></p>
<p>Roosevelt Union Free School District Competitive Procurement 2015M-234 10th Judicial District</p>	<p>The District’s written procedure manual stipulates a minimum of three written quotes for purchases between \$1,500 and \$19,999. It states that it does not permit preparation of a purchase order after a purchase has been made, referred to as a confirming purchase order, except for emergency purchases. During the audit period, the District made purchases between \$1,500 and \$19,999 from 148 vendors totaling \$824,117. Random purchases were selected from 24 vendors totaling \$119,741 and it was found that District officials did not obtain competitive quotations for purchases made from nine vendors totaling \$35,214. In addition, five purchase orders totaling \$30,191 were dated after the date of the invoices, resulting in confirming purchase orders.</p>	<p>2 recommendations</p> <p>The report's recommendations focused on the Board ensuring the use of competitive methods when procuring goods and services in accordance with District's purchasing policy; and ensuring that purchases are not made until the purchasing agent has issued an approved purchase order.</p> <p><i>District officials generally agreed with the report's recommendations and indicated that they have begun to initiate corrective action.</i></p>

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<p>Royalton-Hartland Central School District Financial Condition 2015M-275 8th judicial district</p>	<p>District officials have not properly managed fund balance. As a result, unrestricted fund balance has consistently exceeded New York State Real Property Tax Law (RPTL) limits. Although District officials annually appropriated a portion of fund balance towards the subsequent year’s budget, none of the amounts appropriated were used because District officials consistently overestimated appropriations resulting in operating surpluses.</p>	<p>4 recommendations</p> <p>The report's recommendations focused on the Board and District officials developing realistic estimates for use in budgets; ensuring the amounts of unrestricted fund balance are in compliance with statutory limits; and developing a policy on and reviewing reserves.</p> <p><i>District officials generally agreed with the recommendations and indicated they planned to initiate corrective action.</i></p>
<p>Saranac Central School District Payroll 2015M-298 4th Judicial District</p>	<p>The payroll clerk’s duties were not adequately segregated because she was responsible for collecting employees’ time records; recording the hours worked or salaries to be paid; making changes to employees’ pay rates, withholdings and deductions and having access to paychecks until she disbursed them to District employees. The payroll clerk performed all of these duties with limited oversight.</p>	<p>2 recommendations</p> <p>The report's recommendations focused primarily on District officials properly certifying payroll and implementing compensating controls to address the lack of segregation of duties.</p> <p><i>District officials generally agreed with the report's recommendations and indicated they planned to initiate corrective action.</i></p>
<p>Silver Creek Central School District Financial Condition 2015M-321 8th Judicial District</p>	<p>District officials have not effectively managed fund balance and have allowed unrestricted fund balance to exceed statutory limits for the past three fiscal years. Although District officials annually appropriated fund balance to reduce the tax levy, these funds were not used as budgeted because District officials consistently</p>	<p>5 recommendations</p> <p>The report's recommendations focused on District officials ensuring that budgets include realistic appropriations; and maintaining unrestricted fund balance</p>

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	<p>overestimated appropriations by an average of 7 percent each year. Furthermore, the District significantly overfunded two reserves.</p>	<p>within statutory limits.</p> <p><i>District officials generally agreed with the recommendations and indicated that they plan to take corrective action.</i></p>
<p>South Seneca Central School District Financial Management 2015M-255 6th and 7th Judicial Districts</p>	<p>Although District officials developed a multiyear financial plan and include multiyear projections in the annual budgets, a formal, documented multiyear capital plan has not been developed. In addition, the District has not developed a plan to determine the appropriate and necessary reserve fund balance levels or defined its intentions for using reserves as a financing source for capital improvement projects.</p>	<p>3 recommendations</p> <p>The report's recommendations focused on District officials monitoring financial condition for cost savings benefits; developing a multiyear capital plan; and adopting a reserve fund plan.</p> <p><i>District officials generally agreed with the report's recommendations and have indicated that they plan to initiate corrective action.</i></p>
<p>Southern Cayuga Central School District Financial Management 2015M-224 7th Judicial District</p>	<p>District officials have generally taken appropriate action to manage the District's financial condition. The District's fund balance increased by 20 percent in 2014-15, which improved its financial condition and ability to plan for the future. However, the District's multiyear financial plan does not address its debt share or declining enrollment.</p>	<p>2 recommendations</p> <p>The report's recommendations focused on District officials closely monitoring the District's financial condition and identifying opportunities for cost savings; and developing a multi-year capital and financial plan for a three to five-year period that will address the District's increasing debt.</p> <p><i>District officials generally agreed with the report's recommendations and indicated</i></p>

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		<p><i>they plan to initiate corrective action.</i></p>
<p>Springville-Griffith Institute Central School District Financial Management 2015M-221 8th Judicial District</p>	<p>The Business Administrator did not ensure that reconciliations of interfund activity were sufficient or proper or that the correct entries were made for interfund loans. District officials were unable to determine which capital projects had a surplus cash balance or why some projects had negative cash balances.</p> <p>Finally, the District did not always pay employees at the proper pay rate, and payroll was not always adequately supported or calculated.</p>	<p>11 recommendations</p> <p>The report's recommendations focused primarily on the Business Administrator performing an in-depth review of interfund loans; ensuring that appropriate adjusting journal entries are posted to ledgers; regularly reviewing each fund's general ledger to ensure that all account balances are accurate; attending accounting training; and ensuring payroll is based on contractual or Board-approved rates and that it is supported. The recommendations also focused on District officials ensuring that the Business Administrator is reviewing payrolls; ensuring that pay rates are accurate; recovering any overpayments; and properly certifying payroll.</p> <p><i>District officials generally agreed with the report's recommendations and have indicated that they plan to take corrective action.</i></p>

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<p>Starpoint Central School District Financial Condition 2015M-266 8th Judicial District</p>	<p>From 2010-11 through 2015-16, District officials increased the tax levy by 17% while fund balance and reserves were building. Furthermore, the District maintained an inappropriate liability reserve, overfunded the employee benefit accrued liability reserve, and has not used its debt reserve to fund debt payments.</p>	<p>3 recommendations</p> <p>The report's recommendations focused on District officials developing realistic appropriation estimates; using excess reserve fund amounts; and properly reporting and using restricted money used to pay related debt service.</p> <p><i>District officials generally agreed with the report's recommendations and have indicated that they plan to initiate corrective action.</i></p>
<p>Starting Point Services for Children and the State Education Department Compliance with the Reimbursable Cost Manual 2014-S-64 1st, 2nd, 11th, 12th, and 13th Judicial Districts</p>	<p>\$2,585,454 adjustment (15.8% of \$16.4 million reported in reimbursable costs on the CFR for the years audited)</p> <p>For the three fiscal years ended June 30, 2013, the audit identified costs that did not comply with Manual requirements and recommend such costs be disallowed.</p>	<p>3 recommendations</p> <p>It is recommended that the Department review the disallowances resulting from the audit, and make the appropriate adjustments to costs reported on the CFRs and to Starting Point's reimbursement rates, and work with Starting Point officials to help ensure compliance with the Manual provisions. It is also recommended that Starting Point officials ensure compliance with all Manual requirements.</p> <p><i>The Department agreed with the recommendations.</i></p>

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<p>Story Place Preschool and the State Education Department Compliance with the Reimbursable Cost Manual 2015-S-69 3rd Judicial District</p>	<p>\$5,150 adjustment (.3% of \$1.9 million reported in reimbursable costs on the CFR for the year audited)</p> <p>For the fiscal year ended June 30, 2014, the audit identified personal service costs that were charged to the Programs that did not comply with the Department’s requirements for reimbursement.</p>	<p>3 recommendations</p> <p>It is recommended that the Department review the disallowances resulting from the audit, and make the appropriate adjustments to costs reported on the CFRs and to the reimbursement rates, along with working with School officials to help ensure that only eligible costs are included in their CFRs.</p> <p><i>The Department agreed with the recommendations.</i></p>
<p>Sullivan County BOCES Central Business Office Internal Controls 2015M-331 3rd Judicial District</p>	<p>BOCES officials have established effective controls over cash disbursements and payroll. They also provide increased oversight by having independent staff review transactions for key business processes.</p>	<p>There were no recommendations.</p>
<p>Three Village Central School District Fuel Inventories 2015M-271 10th Judicial District</p>	<p>The Board has not ensured that policies and procedures are in place to control fuel assets. District officials do not review fuel transaction reports generated from the computerized fuel inventory system or reconcile fuel purchased to fuel consumed to identify anomalies regarding quantities dispensed, fueling times and vehicle or equipment used. As a result, the District’s fuel inventory record was overstated. In addition, District officials assigned one employee to manage the District’s fuel inventory system with limited or no management oversight. Finally, records for 34 of the 95 keys used to dispense fuel have been</p>	<p>13 recommendations</p> <p>The report's recommendations focused on District officials ensuring policies and procedures are in place to control District fuel assets; reviewing fuel transaction reports to periodically monitor inventory; ensuring fuel reconciliations are done on a periodic basis; ensuring that keys are not deleted from the list of key assignments; and ensuring that all keys assigned to vehicles require odometer readings to be</p>

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	<p>erroneously deleted and the cameras installed at the District do not provide a view of the license plates of the vehicles being fueled.</p>	<p>entered before dispensing fuel.</p> <p><i>District officials generally agreed with the report's recommendations and indicated that they planned to initiate corrective action.</i></p>
<p>Tompkins-Seneca-Tioga BOCES Energy Performance Contract 2015M-315 6th Judicial District</p>	<p>The Energy Performance Contract is projected to achieve the guaranteed energy cost savings of \$4.1 million over the life of the contract and an additional \$204,000 as a result of savings achieved during the four year construction period that were not included in the original contract.</p>	<p>There were no recommendations.</p>
<p>United Cerebral Palsy Association of the Rochester Area, Inc. and the State Education Department Compliance with the Reimbursable Cost Manual 2014-S-75 7th Judicial District</p>	<p>\$6,634 adjustment (.4% of \$1.7 million reported in reimbursable costs on the CFR for the year audited)</p> <p>For the year ended December 31, 2013, the audit identified costs charged to the programs that did not comply with the Manual's requirements for reimbursement.</p>	<p>3 recommendations</p> <p>It is recommended that the Department review the disallowances resulting from the audit and make the necessary adjustments to the reimbursement rates, and to remind UCP Rochester officials of the pertinent guidelines related to the deficiencies noted. It is also recommended that UCP Rochester report CFRs that comply with the Department's requirements.</p> <p><i>The Department agreed with the recommendations.</i></p>

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<p>United Community Services, Inc. and the State Education Department Compliance with the Reimbursable Cost Manual 2015-S-44 2nd Judicial District</p>	<p>\$207,295 adjustment (2.8% of \$7.3 million reported in reimbursable costs on the CFR for the year audited)</p> <p>The audit covered expenses claimed on United Community Services, Inc.'s (United) CFRs for the three fiscal years ended June 30, 2014. For those three fiscal years, the audit identified costs that did not comply with the Manual's requirements and recommend such costs be disallowed.</p>	<p>3 recommendations</p> <p>It is recommended that the Department review the disallowances and make adjustments to costs reported on the CFRs and to United's reimbursement rates, along with working with officials to help ensure that only eligible costs are included in their CFRs.</p> <p><i>The Department agreed with the recommendations.</i></p>
<p>Unity House of Troy and the State Education Department Compliance with the Reimbursable Cost Manual 2014-S-60 3rd Judicial District</p>	<p>\$404,952 adjustment (5.9% of \$6.85 million reported in reimbursable costs on the CFR for the year audited)</p> <p>The audit identified costs reported by Unity House that were incorrectly calculated or otherwise did not comply with the RCM requirements for reimbursement. In certain instances, some disallowed costs were previously identified by Unity House and the Department; such instances were noted in the report.</p>	<p>3 recommendations</p> <p>It is recommended that the Department review the disallowances and adjust the CFRs and tuition reimbursement rates; and to remind Unity House officials of the pertinent guidelines that relate to the deficiencies noted in the report. It is also recommended that Unity House officials ensure that costs reported on annual CFRs comply with the requirements, and communicate with the Department to obtain clarification as needed.</p> <p><i>Department officials agreed with the recommendations and will implement adjustments as appropriate.</i></p>

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<p>Upstate Cerebral Palsy and the State Education Department Compliance with the Reimbursable Cost Manual 2014-S-71 5th Judicial District</p>	<p>\$97,781 adjustment (1.2% of \$7.9 million reported in reimbursable costs on the CFR for the year audited)</p> <p>The audit identified costs reported by Upstate Cerebral Palsy (UCP) that were incorrectly calculated or otherwise did not comply with the RCM requirements for reimbursement.</p>	<p>3 recommendations</p> <p>It is recommended that the Department review the disallowances and make the necessary adjustments to the reimbursement rates; and remind officials of the guidelines related to the deficiencies found. It is also recommended that UCP ensure costs reported comply with the Department's requirements and seek clarification when needed.</p> <p><i>Department officials agreed with the recommendations and will implement adjustments as appropriate.</i></p>
<p>Wallkill Central School District Financial Management 2015M-294 3rd Judicial District</p>	<p>From 2010-11 through 2014-15, District officials adopted budgets for expenditures that resulted in operating surpluses each year. They also appropriated between \$2 million and \$3.8 million of fund balance each year that they did not use because of operating surpluses. The audit reviewed the District's general fund budget for 2010-11 through 2014-15 and found that District officials overestimated expenditures by a total of \$26 million.</p>	<p>3 recommendations</p> <p>The report's recommendations focused on the Board developing a plan to use surplus fund balances that benefits taxpayers; and reviewing reserves to determine that amounts are necessary, and reasonable.</p> <p><i>District officials generally agreed with the recommendations and have indicated that they plan to take corrective action.</i></p>

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<p>Westhampton Beach Union Free School District Claims Processing 2015M-242 10th Judicial District</p>	<p>District officials have established adequate controls over the claims processing function that ensure claims are audited in a timely manner, properly supported and for legitimate District purposes. The Board has adopted policies detailing the claims processing and the purchasing guidelines. Additionally, there are detailed written procedures outlining these activities.</p>	<p>There were no recommendations</p>
<p>Words 'N Motion Special Education Programs and the State Education Department Compliance with the Reimbursable Cost Manual 2014-S-72 1st, 2nd, 11th, 12th, and 13th Judicial Districts</p>	<p>\$135,174 adjustment (2.9% of \$4.6 million reported in reimbursable costs on the CFR for the year audited)</p> <p>The audit identified costs that did not comply with the Reimbursable Cost Manual's requirements, and it is recommended such costs be disallowed.</p>	<p>3 recommendations</p> <p>It is recommended that the Department review the disallowances and make adjustments to costs reported on the CFRs and to the reimbursement rates, along with working with School officials to help ensure that only eligible costs are included in their CFRs.</p> <p><i>The Department agreed with the recommendations.</i></p>
<p>Yeled v'Yalda Early Childhood Center and the State Education Department Compliance with the Reimbursable Cost Manual 2015-S-19 2nd Judicial District</p>	<p>\$2,950,518 adjustment (3.6% of \$81 million reported in reimbursable costs on the CFR for the year audited)</p> <p>The audit included all expenses claimed on Yeled's CFR for the fiscal year 2013-14, and certain expenses claimed on Yeled's CFRs for the two fiscal years ended June 30, 2013. For the three fiscal years ended June 30, 2014, the audit identified \$2,950,518 in reported costs that did not comply with the Manual's</p>	<p>3 recommendations</p> <p>It is recommended that the Department review the disallowances resulting from the audit, and make the appropriate adjustments to costs reported on the CFRs and to Yeled's reimbursement rates, along with working with center officials to help ensure that only eligible costs are included in their CFRs.</p>

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	<p>requirements and recommend such costs be disallowed.</p>	<p><i>The Department agreed with the recommendations.</i></p>
<p>Yonkers City School District Fixed Assets 2015M-229 9th Judicial District</p>	<p>The audit selected 30 assets totaling \$377,252 and found that 10 assets valued at \$225,307 could not be located and 10 assets valued at \$91,704 were either not tagged or the asset tag information on the tag did not agree with the accounting records.</p>	<p>5 recommendations</p> <p>The report's recommendations focused on District officials ensuring that all fixed assets valued at \$500 or greater for insurance purposes and \$5,000 or greater for inventory and depreciation purposes have tags affixed to them and are included on the appropriate asset list(s); maintaining accurate records of asset transfers; reviewing the inventory list each year to ensure tag numbers match the tag numbers of the assets; locating missing inventory; and ensuring disposal request forms are submitted to the District office as required.</p> <p><i>District officials generally agreed with the report's recommendations and have indicated they planned to initiate corrective action.</i></p>