



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

**TO:** Audits/Budget and Finance Committee  
**FROM:** Sharon Cates-Williams *Sharon Cates-Williams*  
**SUBJECT:** Board of Regents Oversight of Financial Accountability  
**DATE:** March 23, 2017  
**AUTHORIZATION(S):** *Mary Ellen Elin*

**SUMMARY**

**Issues for Discussion**

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

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

**Reason(s) for Consideration**

For information.

**Proposed Handling**

Discussion and guidance.

**Procedural History**

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

## **Background Information**

1. Completed Audits including the Report of the Internal Audit Workgroup  
The Committee is being presented with 32 audits this month. (Attachments I & II)

Audits are provided as follows:

### Office of Audit Services

Madison-Oneida BOCES

### Office of the New York State Comptroller

Bath Central School District  
Benchmark Family Services, Inc.  
Books and Rattles, Inc.  
Canisteo-Greenwood Central School District  
Chittenango Central School District  
City University of New York – York College  
Dolgeville Central School District  
East Hampton Union Free School District  
Fillmore Central School District  
Fordham University  
Fred S. Keller School  
Garden City Union Free School District  
Gowanda Central School District  
Hammond Central School District  
Hewlett-Woodmere Union Free School District  
Holland Patent Central School District  
Hudson Valley Community College  
JCC of Mid-Westchester  
Jericho Union Free School District  
Jowonio School  
Le Roy Central School District  
New York Center for Child Development, Inc.  
Red Creek Central School District  
Rochester Career and Mentoring Charter School  
Sandy Creek Central School District  
Tonawanda City School District  
Tully Central School District  
Westchester Community Opportunity Program  
Westminster Community Charter School  
Whitesville Central School District

### Unites States Department of Education

Nationwide Assessment of Charter and Education Management Organizations

**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  
April 2017  
Review of Audits Presented  
Department's Internal Audit Workgroup**

Newly Presented Audits

The Department's Internal Audit Workgroup reviewed the thirty-two audits that are being presented to the Committee this month. One audit was issued by the Office of Audit Services, thirty audits were issued by the Office of the New York State Comptroller (OSC), and one was issued by the United States Department of Education. Eighteen audits were of school districts, seven of providers of special education services, three colleges, two of charter schools, one BOCES, and one audit report on the nationwide assessment of charter schools and education management organizations.

The findings were in the areas of budget/financial reporting, cafeteria operations, charter schools and their management organizations, information technology, payroll/leave accruals, procurement, Reimbursable Cost Manual compliance, reserve funds, tuition and fees, and the Tuition Assistance Program.

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

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

**April 2017 Regents Audits/Budget and Finance Subcommittee Meeting  
Summary of Audit Findings**

| Audit   | Budgeting/Financial Reporting | Information Technology | Payroll/Leave Accrual | Procurement | Reimbursable Cost Manual Compliance | Other |
|---|-------------------------------|------------------------|-----------------------|-------------|-------------------------------------|-------|
| Bath Central School District (footnote 4)               |                               |                        |                       |             |                                     | √     |
| Benchmark Family Services, Inc.                         |                               |                        |                       |             | √                                   |       |
| Books and Rattles                                       |                               |                        |                       |             | √                                   |       |
| Canisteo-Greenwood Central School District              | √                             |                        |                       |             |                                     |       |
| Chittenango Central School District                     | √                             |                        |                       |             |                                     |       |
| City University of New York – York College (footnote 5) |                               |                        |                       |             |                                     | √     |
| Dolgeville Central School District                      |                               | √                      |                       |             |                                     |       |
| East Hampton Union Free School District                 |                               | √                      |                       |             |                                     |       |
| Fillmore Central School District (footnote 1)           |                               |                        |                       |             |                                     | √     |
| Fordham University (footnote 5)                         |                               |                        |                       |             |                                     | √     |
| Fred S Keller School                                    |                               |                        |                       |             | √                                   |       |
| Garden City Union Free School District                  |                               |                        | √                     |             |                                     |       |
| Gowanda Central School District                         | √                             |                        |                       |             |                                     |       |
| Hammond Central School District                         |                               |                        | √                     |             |                                     |       |
| Hewlett-Woodmere Union Free School District             | √                             |                        |                       |             |                                     |       |
| Holland Patent Central School District                  |                               | √                      |                       |             |                                     |       |
| Hudson Valley Community College (footnote 4)            |                               |                        |                       |             |                                     | √     |
| JCC-Mid Westchester                                     |                               |                        |                       |             | √                                   |       |

|  |   |  |   |   |   |   |
|--|---|--|---|---|---|---|
| Jericho Union Free School District   | √ |  |   |   |   |   |
| Jowonio School   |   |  |   |   | √ |   |
| Le Roy Central School District   |   |  | √ |   |   |   |
| Madison-Oneida BOCES (footnote 1)  |   |  |   |   |   | √ |
| Manhattan Center for Early Learning  |   |  |   |   | √ |   |
| Nationwide Assessment of Charter and Education Management Organizations (footnote 2) |   |  |   |   |   | √ |
| Red Creek Central School District  | √ |  |   |   |   |   |
| Rochester Career Mentoring Charter School  |   |  |   | √ |   |   |
| Sandy Creek Central School District (footnote 3)                                     |   |  |   |   |   | √ |
| Tonawanda City School District   | √ |  |   |   |   |   |
| Tully Central School District  | √ |  |   |   |   |   |
| Westchester Community Opportunity Program Inc.                                       |   |  |   |   | √ |   |
| Westminster Community Charter School   |   |  |   | √ |   |   |
| Whitesville Central School District  | √ |  |   |   |   |   |

|            |   |   |   |   |   |   |
|------------|---|---|---|---|---|---|
| April 2017 | 9 | 3 | 3 | 2 | 7 | 8 |
|------------|---|---|---|---|---|---|

Footnotes

|                                 |   |
|---------------------------------|---|
| Reserve Funds                   | 1 |
| Charter Management Organization | 2 |
| Cafeteria Operations            | 3 |
| Tuition and Fees                | 4 |
| Tuition Assistance Program      | 5 |

## Summary of Current and Prior Audit Findings

|   | July 2016 | August 2016 | September 2016 | October 2016 | November 2016 | December 2016 | January 2017 | February 2017 | March 2017 | April 2017 | Running Total |
|---|-----------|-------------|----------------|--------------|---------------|---------------|--------------|---------------|------------|------------|---------------|
| Banking   | 0         | 0           | 0              | 0            | 0             | 1             | 0            | 0             | 0          | 0          | 1             |
| Budgeting/Financial Reporting                   | 13        | 44          | 16             | 9            | 9             | 2             | 10           | 12            | 7          | 2          | 124           |
| Capital Assets                                  | 0         | 1           | 0              | 0            | 0             | 0             | 0            | 0             | 0          | 0          | 1             |
| Capital Construction                            | 0         | 0           | 0              | 1            | 0             | 0             | 0            | 0             | 0          | 0          | 1             |
| Cash  | 0         | 3           | 0              | 4            | 0             | 0             | 1            | 0             | 0          | 0          | 8             |
| Charter School Management/Tuition               | 0         | 0           | 0              | 0            | 0             | 0             | 0            | 0             | 0          | 0          | 0             |
| Claims Processing                               | 2         | 3           | 0              | 2            | 1             | 2             | 3            | 2             | 0          | 0          | 15            |
| Conflict of Interest/Internal Controls          | 0         | 0           | 0              | 0            | 0             | 0             | 0            | 1             | 0          | 0          | 1             |
| Data Reliability (Graduation, Attendance, etc.) | 0         | 0           | 0              | 0            | 0             | 0             | 0            | 0             | 0          | 0          | 0             |
| Extraclassroom Activity Fund                    | 0         | 2           | 1              | 0            | 0             | 0             | 1            | 1             | 0          | 0          | 5             |
| Fuel Accountability/Energy Management           | 0         | 2           | 0              | 0            | 0             | 0             | 0            | 0             | 0          | 0          | 2             |
| Grant Reporting Compliance                      | 0         | 0           | 0              | 0            | 0             | 0             | 0            | 0             | 0          | 0          | 0             |
| Information Technology                          | 0         | 3           | 2              | 2            | 3             | 0             | 3            | 4             | 3          | 0          | 20            |
| Payroll/Leave Accruals                          | 7         | 5           | 6              | 6            | 3             | 0             | 2            | 2             | 1          | 2          | 34            |
| Procurement                                     | 4         | 6           | 8              | 4            | 2             | 2             | 4            | 2             | 2          | 0          | 34            |
| Reimbursable Cost Manual Compliance             | 3         | 0           | 2              | 0            | 2             | 3             | 5            | 3             | 7          | 0          | 25            |
| Segregation of Duties                           | 3         | 2           | 0              | 2            | 0             | 0             | 0            | 1             | 0          | 0          | 8             |
| Tuition Assistance Program (TAP)                | 0         | 0           | 0              | 1            | 0             | 0             | 0            | 0             | 0          | 2          | 3             |
| Other   | 10        | 20          | 8              | 2            | 5             | 0             | 4            | 5             | 3          | 3          | 60            |
| <b>Total</b>                                    | <b>42</b> | <b>91</b>   | <b>43</b>      | <b>33</b>    | <b>25</b>     | <b>10</b>     | <b>33</b>    | <b>33</b>     | <b>23</b>  | <b>9</b>   | <b>342</b>    |

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

## Definitions of Categories

**Banking** – includes findings related to electronic banking.

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

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

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

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

**Charter School Management/Tuition** – includes findings related to audits of charter school's management.

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

| Office of Audit Services  |   |   |
|---|---|---|
| Audit   | Major Finding(s)  | Recommendation/Response   |
| <p><b>Madison-Oneida BOCES</b></p> <p>EPE Program<br/>EPE-0516-01</p> <p>5th and 6th Judicial<br/>Districts</p> | <p><b>\$101,134 adjustment (7.8% of \$1,301,068 revenue from EPE State aid)</b></p> <p>The auditors found the majority of contact hours were supported with adequate documentation. However, unsupported contact hours were identified due to lack of documentation, miscalculations, and data entry errors resulting in a disallowance of \$101,134. Nine of the twenty-seven teachers (33%) in the sample were not properly certified during the audit period and the BOCES accounted for EPE expenditures in non-EPE cost centers.</p> | <p style="text-align: center;"><b>11 recommendations</b></p> <p>The report's recommendations focused the BOCES following its own policy requiring students to sign in and out; repaying \$101,134 in unallowable EPE State aid; developing a monitoring process to ensure all teachers receive appropriate compensation; maintain appropriate certification; and ensuring EPE expenses are coded that they post to the EPE cost centers throughout the year.</p> <p>BOCES officials generally agreed with the report's recommendations and indicated that they planned to take corrective action.</p> |

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| <b>Office of the New York State Comptroller</b>   |   |  |
|---|---|--|
| <b>Audit</b>  | <b>Major Finding(s)</b>   | <b>Recommendation/Response</b>   |
| <p><b>Bath Central School District</b></p> <p>Reserves<br/>2016M-401</p> <p>7th Judicial District</p>   | <p>The Board did not adopt a written reserve fund policy and District officials could not provide evidence that approximately \$3.3 million was required to be restricted in the debt reserve.</p>  | <p style="text-align: center;"><b>6 recommendations</b></p> <p>The report's recommendations focused on the Board and District officials developing a written policy that indicates the amount of funds to be reserved; returning money improperly maintained in the debt reserve to the general fund; discontinuing the use of E-Rate reserve and returning the funds to the general fund; and reviewing all reserves at least annually.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>                                    |
| <p><b>Benchmark Family Services, Inc.</b></p> <p>Compliance With the Reimbursable Cost Manual<br/>2016-S-47</p> <p>4th and 5th Judicial Districts</p> | <p><b>\$18,012 adjustment (2.7% of \$670,000 reported in reimbursable costs on the CFR)</b></p> <p>The audit identified \$18,012 in other than personal service costs that Benchmark Family Services, Inc. (BFS) reported that did not comply with the Manual's requirements for reimbursement.</p> | <p style="text-align: center;"><b>3 recommendations</b></p> <p>The report's recommendations focused on SED officials reviewing the disallowances and making adjustments to the costs reported on BFS's CFR and to their tuition reimbursement rates; BFS officials ensuring that costs reported on annual CFRs fully comply with SED's requirements; and communicating with SED to obtain clarification as needed.</p> <p>SED agreed with the recommendations and will review and adjust as noted in the report and recover any over payment, as appropriate, along with providing technical assistance to the provider.</p> |

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| <p><b>Books and Rattles, Inc.</b></p> <p>Compliance With the Reimbursable Cost Manual 2016-S-25</p> <p>1st, 2nd, 11th, 12th, and 13th Judicial Districts</p> | <p><b>\$242,357 adjustment (2.5% of \$9.7 million reported in reimbursable costs on the CFR)</b></p> <p>For the three fiscal years ended June 30, 2014; \$242,357 was identified in reported costs that did not comply with the Manual’s requirements for reimbursement. The ineligible costs included \$115,949 in personal service costs and \$126,408 in other than personal service (OTPS) costs.</p>                       | <p style="text-align: center;"><b>3 recommendations</b></p> <p>The report’s recommendations focused on SED officials reviewing the disallowances and adjusting the costs reported on Books and Rattle’s CFRs and to their reimbursement rates as appropriate and school officials ensuring that costs reported on the future CFRs comply with the requirements in the Manual.</p> <p>SED agreed with the recommendations and will review and adjust as noted in the report and recover any overpayment as appropriate, along with providing technical assistance to the provider.</p> |
| <p><b>Canisteo-Greenwood Central School District</b></p> <p>Financial Management 2016M-362</p> <p>7th and 8th Judicial Districts</p>                         | <p>Although District officials appropriated fund balance each year, none of it was needed because District officials overestimated appropriations each year by an average of \$1.1 million or 5 percent. In addition, District officials have not effectively managed fund balance and have allowed unrestricted fund balance to exceed the statutory limit for the past three fiscal years by an average of \$2.7 million.</p> | <p style="text-align: center;"><b>6 recommendations</b></p> <p>The report’s recommendations focused on the Board and District officials ensuring budgets include realistic appropriations based on actual needs and planned use of fund balance to avoid levying taxes at a level greater than necessary and maintaining unrestricted fund balance within the statutory limit.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>   |

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| <p><b>Chittenango Central School District</b></p> <p>Financial Management<br/>2016M-294</p> <p>5th and 6th Judicial Districts</p>                               | <p>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. In addition, District officials were unable to demonstrate why \$4.2 million in fund balance should be restricted in the debt service fund.</p> | <p style="text-align: center;"><b>5 recommendations</b></p> <p>The report's recommendations focused on the Board and District officials developing realistic estimates of appropriations and the use of fund balance in the annual budgets; reviewing all reserves to determine if the amounts reserved are necessary, reasonable, and in compliance with statutory requirements; and returning money improperly residing in the debt service fund to the general fund.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> |
| <p><b>City University of New York - York College</b></p> <p>State Financial Aid Program<br/>at CUNY York College<br/>2016-T-1</p> <p>11th Judicial District</p> | <p>For the three fiscal years ended June 30, 2014, \$83,956 was identified in overpayments, plus applicable interest due to incorrect student certifications.</p>   | <p style="text-align: center;"><b>4 recommendations</b></p> <p>The report's recommendations focused on Higher Education Services Corp (HESC) recovering, from York, \$83,956 in Tuition Assistance Program overpayments, as a result of its incorrect State financial aid certifications of students and York working with HESC and State Education Department officials to help ensure their future compliance with State financial aid requirements.</p> <p>School officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>                    |

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| <p><b>Dolgeville Central School District</b></p> <p>System Access Controls<br/>2016M-265</p> <p>4th and 5th Judicial Districts</p>      | <p>District officials have not implemented adequate IT access controls for safeguarding personal, private, and sensitive information. Not all financial system and student information system user accounts were necessary and some users were assigned more access permissions than needed for their job duties.</p>  | <p style="text-align: center;"><b>7 recommendations</b></p> <p>The report's recommendations focused on District officials evaluating all existing financial system and student information system user accounts; removing any deemed unnecessary; and establishing written procedures for managing and monitoring system access, including guidance for assigning permissions.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>  |
| <p><b>East Hampton Union Free School District</b></p> <p>Financial software User Access<br/>2016M-340</p> <p>10th Judicial District</p> | <p>The Board has not annually designated a system administrator for the financial software. Instead, the Board annually appoints a Network Systems Manager who performs these duties. In addition, District officials have not adopted procedures outlining how user access rights should be established or modified, and permissions are not reviewed quarterly to ensure a proper segregation of duties.</p> | <p style="text-align: center;"><b>6 recommendations</b></p> <p>The report's recommendations focused on the Board and District officials annually designating an administrator for the financial software to clarify who is responsible for financial software administration and developing written procedures outlining how user access rights should be established or modified based on job duties and proper segregation of duties.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> |

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| <p><b>Fillmore Central School District</b></p> <p>Reserve Funds<br/>2016M-386</p> <p>8th Judicial District</p>               | <p>District officials were unable to provide evidence showing that they documented the financial need or purpose for four of the reserve funds or periodically assessed the reasonableness of reserve balances. In addition, no evidence was provided to show that the funds retained in the debt reserve were ever used toward debt service payments.</p> | <p style="text-align: center;"><b>3 recommendations</b></p> <p>The report's recommendations focused on the Board and District officials reviewing all reserves, at least annually, to determine if the amounts reserved are necessary and reasonably funded; and transferring excess funds to unrestricted fund balance or to other reserves; and using debt reserve money to pay related debt service expenditures in compliance with statutory requirements.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> |
| <p><b>Fordham University</b></p> <p>Tuition Assistance Program<br/>2016-T-2</p> <p>1st, 9th, and 12th Judicial Districts</p> | <p>The auditors determined that Fordham was overpaid \$104,630 because school officials incorrectly certified some students as eligible for State financial aid awards.</p>  | <p style="text-align: center;"><b>3 recommendations</b></p> <p>The report's recommendations focused on the Higher Education Services Corporation recovering \$104,630 and Fordham complying with State Education Law and Regulations of the Commissioner of Education when certifying students for State financial aid.</p> <p>School officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>  |

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| <p><b>Fred S. Keller School</b></p> <p>Compliance with the Reimbursable Cost Manual 2015-S-98</p> <p>9th Judicial District</p> | <p><b>\$455,117 adjustment (2.1% of \$21.2 million reported in reimbursable costs on the CFR)</b></p> <p>For the three fiscal years ended June 30, 2014; \$455,117 was identified in costs that did not comply with SED’s requirements for reimbursement, including \$433,588 in non-personal service costs and \$21,529 in personal service costs. In addition, the propriety of certain actions was questioned involving Fred S. Keller’s (FSK) Board as they pertain to related-party transactions.</p> | <p style="text-align: center;"><b>5 recommendations</b></p> <p>The report’s recommendations focused on SED reviewing the disallowances identified and making the necessary adjustments to the costs reported on FSK’s CFRs and to their reimbursement rates, reminding FSK officials of the pertinent SED requirements related to the deficiencies, FSK officials ensuring that costs reported on annual CFRs fully comply with SED’s requirements, and communicating with SED to obtain clarification as needed.</p> <p>SED agreed with the recommendations and will review and adjust as noted in the report and recover any overpayment as appropriate, along with providing technical assistance to the provider</p> |
| <p><b>Garden City Union Free School District</b></p> <p>Overtime 2016M-382</p> <p>10th Judicial District</p>                   | <p>District officials have not established a policy or written procedures to ensure that all overtime hours worked by employees is properly authorized.</p>  | <p style="text-align: center;"><b>1 recommendation</b></p> <p>The report’s recommendation focused on the Board and District officials establishing an overtime policy or written procedures that require employees use a request form that addresses the approval of overtime for emergencies or unforeseen circumstances.</p> <p>District officials generally agreed with the report’s recommendation and have indicated that they planned to take corrective action.</p>   |



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| <p><b>Gowanda Central School District</b></p> <p>Financial Management<br/>2016M-368</p> <p>8th Judicial District</p> | <p>For the 2013-14 through 2015-16 fiscal years, the Board and District officials overestimated expenditures by a total of \$6.2 million. In addition, the District did not use any appropriated fund balance to finance operations resulting in unrestricted fund balance more than the statutory limit.</p>   | <p style="text-align: center;"><b>5 recommendations</b></p> <p>The report’s recommendations focused on the Board and District officials adopting budgets that reflect the District’s actual needs based on historical trends or other identified analysis and developing a plan to reduce the amount of unrestricted fund balance and using excess funds to benefit residents.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>  |
| <p><b>Hammond Central School District</b></p> <p>Payroll<br/>2016M-398</p> <p>4th and 5th Judicial Districts</p>     | <p>The Treasurer controlled the entire payroll process and the Board did not authorize stipends or salary amounts paid to 10 employees totaling over \$80,000. In addition, leave time and compensatory time use was inaccurately recorded; and the head custodian did not maintain time records for his custodial, transportation supervisor, or bus driver positions.</p> | <p style="text-align: center;"><b>9 recommendations</b></p> <p>The report’s recommendations focused on District officials segregating the Treasurer’s payroll duties so that she does not control all aspects of payroll transactions; establishing procedures to ensure that all salary, stipend and wage rates are authorized by the Board before payment; correcting the leave and compensatory time records; and ensuring that the head custodian maintains detailed time records for each position held.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |

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| <p><b>Hewlett-Woodmere Union Free School District</b></p> <p>Financial condition<br/>2016M-402</p> <p>10th Judicial District</p>                | <p>The District's budgeted appropriations were overestimated by \$31.1 million (10.4 percent) from 2012-13 through 2014-15. In addition, because the Board overestimated expenditures over the three-year period, appropriated fund balance totaling \$9.6 million was not used, resulting in the District's unrestricted fund balance exceeding the statutory limit.</p> | <p style="text-align: center;"><b>9 recommendations</b></p> <p>The report's recommendations focused on the Board adopting general fund budgets that include realistic estimates for appropriations and discontinuing the practice of adopting budgets that result in the appropriation of unrestricted fund balance that is not needed to fund District operations.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> |
| <p><b>Holland Patent Central School District</b></p> <p>Access to the Student Information System<br/>2016M-326</p> <p>5th Judicial District</p> | <p>District officials granted unnecessary permissions for changing student grades and viewing personal, private, and sensitive information. In addition, the SIS allows users to assume other users' accounts and identities.</p>   | <p style="text-align: center;"><b>4 recommendations</b></p> <p>The report's recommendations focused on evaluating permissions currently granted to each SIS user and removing any deemed unnecessary, and limiting the ability to assume other SIS users' accounts and identities to those individuals that have a job-related need for this function.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>              |

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| <p><b>Hudson Valley Community College</b></p> <p>Tuition and Fees<br/>2016M-348</p> <p>3rd Judicial District</p>                    | <p>The audit identified weaknesses in the College's use of a computerized program to maintain records of tuition and fee billings and collections. Employees were using one computer account to process parking decals and not retaining information related to deleted receipts. In addition, College officials were not using a tracking feature to identify changes made within the computer system.</p> | <p style="text-align: center;"><b>2 recommendations</b></p> <p>The report's recommendations focused on the Board of Trustees ensuring that the IT department preserves all sequentially numbered receipts and other documents when conducting file maintenance procedures and to regularly review the record system's audit trail.</p> <p>School officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>  |
| <p><b>JCC of Mid-Westchester</b></p> <p>Compliance with the Reimbursable Cost Manual<br/>2016-S-21</p> <p>9th Judicial District</p> | <p><b>\$90,900 adjustment (1.7% of \$5.4 million reported in reimbursable costs on the CFR)</b></p> <p>For the three fiscal years ended June 30, 2014; \$90,900 was identified in costs that did not comply with SED's requirements for reimbursement, including \$26,923 in personal service costs and \$63,977 in other than personal service costs.</p>  | <p style="text-align: center;"><b>3 recommendations</b></p> <p>The report's recommendations focused on SED reviewing the disallowances identified making the necessary adjustments to the costs reported on JCC of Mid-Westchester's (JCC) CFRs and to their reimbursement rates and JCC officials ensuring that costs reported on annual CFRs fully comply with SED's requirements, and communicating with SED to obtain clarification as needed.</p> <p>SED agreed with the recommendations and will review and adjust as noted in the report and recover any overpayment as appropriate, along with providing technical assistance to the provider.</p> |

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| <p><b>Jericho Union Free School District</b></p> <p>Financial Management<br/>2016M-328</p> <p>10th Judicial District</p>     | <p>Board and District officials overestimated budgeted appropriations by 9 to 12 percent– ranging from \$9.8 to \$12.4 million – for three of the four years in the audit period (2012-13 through 2014-15). In addition, the District's debt service fund maintained an average balance of \$1.1 million over the past four fiscal years. However, the District budgeted for and paid the debt-related principal and interest from the general fund each year.</p> | <p style="text-align: center;"><b>5 recommendations</b></p> <p>The report's recommendations focused on the Board adopting budgets that realistically reflect the District's operating needs based on historical expenditure trends or other identified analysis and using the debt service fund money to make debt service payments in accordance with the District's adopted debt service plan.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>  |
| <p><b>Jowonio School</b></p> <p>Compliance with the Reimbursable Cost Manual<br/>2016-S-48</p> <p>5th Judicial Districts</p> | <p><b>\$118,110 adjustment (1.6% of \$7.6 million reported in reimbursable costs on the CFR)</b></p> <p>For the three fiscal years ended June 30, 2014; \$118,110 was identified in costs that were not in compliance with the RCM. These costs included \$98,572 in personal service costs; which consisted of ineligible employee bonuses; and \$19,538 in other than personal service costs</p>   | <p style="text-align: center;"><b>3 recommendations</b></p> <p>The report's recommendations focused on SED officials reviewing the disallowances identified and making the necessary adjustments to the costs reported on Jowonio's CFRs and to their reimbursement rates; and ensuring that costs reported on annual CFRs fully comply with SED's requirements, and communicating with SED to obtain clarification as needed.</p> <p>SED agreed with the recommendations and will review and adjust as noted in the report and recover any overpayment as appropriate, along with providing technical assistance to the provider.</p> |

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| <p><b>Le Roy Central School District</b></p> <p>Payroll<br/>2016M-412</p> <p>7th and 8th Judicial Districts</p>   | <p>The Board has not adopted written policies and District officials have not developed written procedures over the payroll function.</p>   | <p style="text-align: center;"><b>1 recommendation</b></p> <p>The report's recommendation focused on the Board and District officials developing and adopting written payroll policies and procedures.</p> <p>District officials generally agreed with the report's recommendation and have indicated that they planned to take corrective action.</p>  |
| <p><b>New York Center for Child Development, Inc.</b></p> <p>Compliance with the Reimbursable Cost Manual 2015-S-101</p> <p>1st, 2nd, 11th, 12th, and 13th Judicial Districts</p> | <p><b>\$776,901 adjustment (3.2% of \$24.5 million reported in reimbursable costs on the CFR)</b></p> <p>For the three fiscal years ended June 30, 2014; \$776,901 was identified in reported costs that did not comply with the Manual's requirements. The ineligible costs included \$312,897 in personal service costs and \$464,004 in other than personal service costs.</p> | <p style="text-align: center;"><b>3 recommendations</b></p> <p>The report's recommendations focused on SED officials reviewing the disallowances identified and making the appropriate adjustments to the costs reported on New York Center for Child Development's CFRs and reimbursement rates; and school officials ensuring that costs reported on future CFRs comply with all Manual requirements.</p> <p>School officials disagreed with the report's findings and recommendations.</p> |

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| <p><b>Red Creek Central School District</b></p> <p>Financial Condition<br/>2016M-365</p> <p>7th Judicial District</p> | <p>For the fiscal years 2013-14 through 2015-16, 71 percent of the appropriated fund balance remained unused because of overestimated expenditures. In addition, the District's reserve plan does not include the District's specific long-term intentions for the funding, use, and maintenance of reserve funds, including a detailed analysis of the District's projected future needs.</p> | <p style="text-align: center;"><b>3 recommendations</b></p> <p>The report's recommendations focused on the Board and District officials discontinuing the practice of adopting budgets that result in the appropriation of fund balance and reserve funds that will not be used and adopting an adequate reserve plan which includes the District's intentions for the long-term accumulation and use of reserve funds.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> |
| <p><b>Rochester Career Mentoring Charter School</b></p> <p>Procurement<br/>2016M-406</p> <p>7th Judicial District</p> | <p>The Board has not established adequate written policies or procedures for procuring services and school officials did not always seek competition when procuring goods and services.</p>  | <p style="text-align: center;"><b>5 recommendations</b></p> <p>The report's recommendations focused on the Board adopting a procurement policy with clear language addressing the procurement of services, prescribing methods for soliciting competition and seeking competition, and obtaining written quotes for purchases as required by the School's charter.</p> <p>School officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>  |

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| <p><b>Sandy Creek Central School District</b></p> <p>Cafeteria Operations<br/>2016M-354</p> <p>5th Judicial District</p> | <p>District officials did not perform a cost-per-meal analysis, did not ensure cafeteria operations were financially self-sufficient, and the District's productivity level for meals per labor hour (MPLH) is below the industry average.</p>   | <p style="text-align: center;"><b>4 recommendations</b></p> <p>The report's recommendations focused on the Board and District officials completing a cost-per-meal analysis, exploring methods for increasing revenues and decreasing expenditures to levels that allow the school lunch fund to be self-sustaining, monitoring the MPLH, and developing a strategy to move toward the industry standards for MPLH.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>  |
| <p><b>Tonawanda City School District</b></p> <p>Financial Management<br/>2016M-370</p> <p>8th Judicial District</p>      | <p>The District appropriated fund balance to help finance operations, but it was not needed because the District's budgeting practices produced operating surpluses. In addition, the District's 2015-16 year-end unrestricted fund balance was 9.1 percent of 2016-17 budgeted appropriations, which exceeded the statutory limit by 5 percentage points.</p> | <p style="text-align: center;"><b>4 recommendations</b></p> <p>The report's recommendations focused on the Board and District officials adopting budgets that realistically reflect the District's operating needs; using surplus funds as a financing source for funding one-time expenditures, funding needed reserves and reducing District property taxes; and ensuring that unrestricted fund balance at fiscal year-end does not exceed the statutory limit.</p> <p>District officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p> |

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| <p><b>Tully Central School District</b></p> <p>Financial Management<br/>2016M-359</p> <p>5th Judicial District</p>                                     | <p>The Board and District officials overestimated expenditures by approximately \$4.1 million and underestimated revenues by approximately \$900,000 from 2012-13 through 2014-15 and three general fund reserves with balances totaling over \$2.9 million as of June 30, 2015, were overfunded or potentially unnecessary.</p>   | <p style="text-align: center;"><b>6 recommendations</b></p> <p>The report’s recommendations focused on adopting budgets that realistically reflect the District’s operating needs, ensuring that reserve balances are maintained at reasonable levels, and taking appropriate action to reduce reserves with excess funds.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>   |
| <p><b>Westchester Community Opportunity Program</b></p> <p>Compliance with the Reimbursable Cost Manual<br/>2016-S-33</p> <p>9th Judicial District</p> | <p><b>\$87,017 adjustment (4.1% of \$2.1 million reported in reimbursable costs on the CFR)</b></p> <p>For the year ended June 30, 2013; \$87,017 was identified in ineligible costs that Westchester Community Opportunity Program (WestCOP) reported on its CFR. The ineligible costs included \$74,714 in other than personal service costs and \$12,303 in personal service costs.</p> | <p style="text-align: center;"><b>4 recommendations</b></p> <p>The report’s recommendations focused on SED officials reviewing the disallowances identified; making the necessary adjustments to the costs reported on WestCOP’s CFR and to their reimbursement rates; officials ensuring that costs reported on CFRs fully comply with SED’s requirements; and communicating with SED to obtain clarification as needed.</p> <p>SED agreed with the recommendations and will review and adjust as noted in the report and recover any overpayment as appropriate, along with providing technical assistance to the provider.</p> |



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| <p><b>Westminster Community Charter School</b></p> <p>Procurement of Professional Services<br/>2016M-375</p> <p>8th Judicial District</p> | <p>The Board has not established adequate written policies or procedures for procuring professional services and School officials did not use competitive methods when procuring professional services.</p>  | <p style="text-align: center;"><b>2 recommendations</b></p> <p>The report’s recommendations focused on the Board revising its procurement policy and procedures to require competition for the procurement of professional services and prescribing methods for soliciting competition for such services using requests for proposals (RFPs) and written or verbal quotes.</p> <p>School officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p> |
| <p><b>Whitesville Central School District</b></p> <p>Financial Management<br/>2016M-313</p> <p>7th and 8th Judicial Districts</p>         | <p>District officials have not effectively managed fund balance and allowed unrestricted fund balance to exceed the statutory limit for three fiscal years by 12 to 17 percentage points. As of June 30, 2015, the District’s unrestricted fund balance totaled more than \$1.3 million and was 20 percent of the 2015-16 budgeted appropriations, exceeding the statutory limit by more than \$1 million.</p> | <p style="text-align: center;"><b>4 recommendations</b></p> <p>The report’s recommendations focused on District officials ensuring budgets include realistic estimates; maintaining fund balance within statutory limits; and developing a plan to reduce fund balance.</p> <p>District officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>  |

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| <b>United States Department of Education</b>   |  |   |
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| <b>Audit</b>   | <b>Major Finding(s)</b>  | <b>Recommendation/Response</b>  |
| <p><b>Nationwide Assessment of Charter and Education Management Organizations</b></p> <p>ED-OIG/A02M0012</p> | <p>It was determined that charter school relationships with Charter Management Organizations (CMOs) posed a significant risk to the US Department of Education program objectives. Specifically, it was found that 22 of the 33 charter schools in the review (one from New York) had 36 examples of internal control weaknesses related to the charter schools' relationships with their CMOs (concerning conflicts of interest, related-party transactions, and insufficient segregation of duties).</p> | <p style="text-align: center;"><b>5 recommendations</b></p> <p>The report's recommendations focused on providing guidance to SEAs for performing a minimum level of monitoring, risk assessment, and mitigation procedures related to charter school contractual relationships with CMOs; and updating OMB Circulars to include procedures whether the SEA or LEA have internal controls to ensure charter schools with relationships with CMOs have effective controls to mitigate risk.</p> |