



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: August 31, 2017

AUTHORIZATION(S):

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 and 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 30 audits this month. (Attachments I & II)

Audits are provided as follows:

United States Department of Education

Wyandanch Union Free School District

Office of the New York City Comptroller

New York City Department of Education (4)

Office of the New York State Comptroller

Bethlehem Central School District
Buffalo City School District
Charter School of Inquiry
Cortland Enlarged City School District
Elmcrest Children's Center, Inc.
Elmont Union Free School District
Franklinville Central School District
Goshen Central School District
Guilderland Central School District
Hagedorn Little Village School
Ithaca City School District
Miller Place Union Free School District
North Shore Central School District
Parishville-Hopkinton Central School District
Pavilion Central School District
Peru Central School District
PUC Achieve Charter School
Saugerties Central School District
Shoreham-Wading River Central School District
South Jefferson Central School District
State Education Department
Therapy and Learning Center
Variety Child Learning Center
Wells Central School District
Westchester Community College

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

Newly Presented Audits

The Department's Internal Audit Workgroup reviewed the thirty audits that are being presented to the Committee this month. One audit was issued by the United States Department of Education, four were issued by the Office of the New York City Comptroller, and twenty-five by the Office of the New York State Comptroller (OSC). Four audits were of the New York City Department of Education (DOE), eighteen audits were of school districts, two of charter schools, four providers of special education services, one community college, and one audit of the State Education Department.

The findings were in the areas of budget/financial reporting, Charter School Management/Tuition, conflict of interest/internal controls, extra-classroom activity fund, fuel accountability/energy management, grant reporting compliance, information technology, reimbursable cost manual compliance, board oversight, community service, credit cards, educational services, fixed assets, oversight of school bus driver qualifications, special education, Title I funds, and transportation State aid.

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 did not identify any audits to highlight.

**June-September 2017 Regents Audits/Budget and Finance Committee Meeting
Summary of Audit Findings**

Audit	Budgeting/Financial Reporting	Charter School Management/Tuition	Conflict of Interest/Internal Controls	Extra Classroom Activity Fund	Fuel Accountability/Energy Management	Grant Reporting Compliance	Information Technology	Reimbursable Cost Manual Compliance	Other
Wyandanch Union Free School District									
DOE - Allocation of Title I Funding (footnote 1)									√
DOE – Implementation of High Speed Connectivity in NYC Public Middle Schools							√		
DOE – Oversight of the Qualifications of School Bus Drivers and Attendants Employed by School Bus Company (footnote 2)									√
DOE - Follow-up Audit Report on DOE's Oversight of Computer Hardware Purchased through the Apple Inc. and Lenovo Inc. Contracts							√		
Bethlehem Central School District (footnote 3)									√
Buffalo City School District (footnote 4)						√			√
Charter School of Inquiry		√							
Cortland City School District	√								
Elmcrest Children's Center								√	
Elmont Union Free School District	√								
Franklinville Central School District	√								
Goshen Central School District	√								
Guilderland Central School District									
Hagedorn Little Village School								√	
Ithaca City School District (footnote 5)							√		√

Miller Place Union Free School District			√						
North Shore Central School District					√				
Parishville-Hopkinton Central School District	√								
Pavilion Central School District	√								
Peru Central School District				√					
PUC Achieve Charter School (footnote 6)									√
Saugerties Central School District				√					
Shoreham-Wading River Central School District	√								
South Jefferson Central School District (footnote 7)									√
State Education Department							√		
Therapy and Learning Center								√	
Variety Child Learning Center								√	
Wells Central School District	√								
Westchester Community College									√
Total June - September	8	1	1	2	1	1	4	4	7

Footnotes

Title I Funds	1
Oversight of School Bus Driver Qualifications	2
Credit Cards	3
Special Education	4
Transportation Aid	5
Board Oversight	6
Community Services	7

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

	July 2017	August 2017	September 2017	Running Total
Banking	0	0	0	0
Budgeting/Financial Reporting	0	6	2	8
Capital Assets	0	0	0	0
Capital Construction	0	0	0	0
Cash	0	0	0	0
Charter School Management/Tuition	0	0	1	1
Claims Processing	0	0	0	0
Conflict of Interest/Internal Controls	0	1	0	1
Data Reliability (Graduation, Attendance, etc.)	0	0	0	0
Extraclassroom Activity Fund	0	1	1	2
Fuel Accountability/Energy Management	0	0	1	1
Grant Reporting Compliance	0	1	0	1
Information Technology	1	0	3	4
Payroll/Leave Accruals	0	0	0	0
Procurement	0	0	0	0
Reimbursable Cost Manual Compliance	1	1	2	4
Segregation of Duties	0	0	0	0
Tuition Assistance Program (TAP)	0	0	0	0
Other	2	4	1	7
Total	4	14	11	29

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

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.

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

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
September 2017**

United States Department of Education		
Audit	Major Finding(s)	Recommendation/Response
<p>Wyandanch Union Free School District</p> <p>Status of Corrective Actions on Previously Reported Title I Findings ED-OIG/A05Q0005</p> <p>10th Judicial District</p>	<p>This was a follow up audit limited to corrective actions taken in response to findings and recommendations disclosed in previous audit reports issued from July 1, 2005, through December 31, 2015. It was concluded that, Wyandanch developed and implemented policies, procedures, and processes to ensure its financial management system accurately accounted for Title I funds.</p>	<p>There were no recommendations.</p>
Office of the New York City Comptroller		
Audit	Major Finding(s)	Recommendation/Response
<p>New York City Department of Education</p> <p>Audit Report of the Department of Education's Allocation of Title I Funding to Public Schools FK15-080A</p> <p>1st, 2nd, 11th, 12th, & 13th Judicial Districts</p>	<p>The New York City (City) Department of Education (DOE) did not always properly document and determine students' eligibility for school meals which is used to allocate Title I funds.</p>	<p style="text-align: center;">7 recommendations</p> <p>The report's recommendations focused on DOE officials maintaining up-to-date correspondence or written agreements with the City's Human Resources Administration that confirms data used to determine whether students are eligible for free school meals.</p> <p>DOE officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>

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

<p>New York City Department of Education</p> <p>Audit Report of the Department of Education’s Implementation of High Speed Connectivity in New York City Public Middle Schools SI16-082A</p> <p>1st, 2nd, 11th, 12th, & 13th Judicial Districts</p>	<p>The Department of Education (DOE), during its broadband upgrade initiative, failed to put adequate controls and oversight in place to ensure that the system-wide upgrade was completed properly, within budget, with appropriate documentation, and with adequate managerial oversight. In addition, the DOE lacked documentation of the execution and cost of the broadband upgrade and did not have any project plans, implementation schedules, and progress reports to document the steps taken, rate of progress, and total cost of the upgrade from its inception in 2007 through its completion in 2016.</p>	<p style="text-align: center;">9 recommendations</p> <p>The report’s recommendations focused on the DOE maintaining a project governance structure for information technology (IT) projects; maintaining a system for archiving standard project documents and artifacts; developing a formal records retention policy; ensuring that user concerns identified in the survey are addressed; and providing additional resources to improve communication, strengthening the quality of customer service, and increasing customer satisfaction.</p> <p>DOE officials generally agreed with the report’s recommendations and have indicated that they planned to take corrective action.</p>
<p>New York City Department of Education</p> <p>Audit Report on DOE’s Oversight of the Qualifications of School Bus Drivers and Attendants Employed by School Bus Company Contractors MH17-055A</p> <p>1st, 2nd, 11th, 12th, and 13th Judicial District</p>	<p>The auditors found the Department of Education (DOE) adequately monitors contracted school bus companies to ensure that the school bus drivers and attendants they employ have undergone required background checks and meet NYS qualification requirements.</p> <p>However, the auditors found weaknesses in DOE’s follow-up to ensure that the status and eligibility of drivers and attendants is properly updated; in addition, DOE has no written policies or procedures specifying the responsibilities of investigators acting upon New York State Department of Motor Vehicle or DOE driver suspension notifications.</p>	<p style="text-align: center;">5 recommendations</p> <p>The report’s recommendations focused on DOE ensuring that investigators review all notifications on a daily basis and that a designated supervisor or staff member is responsible for reviewing and ensuring that each notification has been dealt with and documented accurately; and creating a written policy and procedure for investigators when completing suspension notifications with appropriate time frames for each step.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>

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

<p>New York City Department of Education</p> <p>Follow-up Audit Report on DOE's Oversight of Computer Hardware Purchased through the Apple Inc. and Lenovo Inc. Contracts FN17-098F</p> <p>1st, 2nd, 11th, 12th, and 13th Judicial District</p>	<p>The Department of Education (DOE) has not improved its inventory controls over computer hardware. The DOE did not provide sites with sufficient guidance and support to ensure that decentralized inventory records were accurate and complete and that adequate controls were in place to properly safeguard computer hardware. Additionally, inventory records remain inaccurate and incomplete.</p>	<p style="text-align: center;">19 recommendations</p> <p>The report's recommendations focused on the DOE having a centralized inventory system for computer hardware; routinely monitoring recordkeeping procedures for computer hardware; and determining the physical locations of the 1,816 pieces of unaccounted-for computer hardware that still could not be identified during the follow-up inventory inspections.</p> <p>Officials generally disagreed with the recommendations, and indicated they planned to take some corrective actions.</p>
---	---	---

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

Office of the State Comptroller		
Audit	Major Finding(s)	Recommendation/Response
<p>Bethlehem Central School District</p> <p>Credit Cards 2017M-41</p> <p>3rd Judicial District</p>	<p>The claims auditor did not audit all credit card claims prior to payment. In addition, the credit card company directly withdraws monthly payments from the District bank account without the Treasurer's authorization.</p>	<p style="text-align: center;">2 recommendations</p> <p>The report's recommendations focused on the claims auditor auditing all credit card claims prior to payment; and the Board not allowing third-party vendors to directly debit funds from District bank accounts.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>
<p>Buffalo City School District</p> <p>Special Education and Grant Administration 2017M-73</p> <p>8th Judicial District</p>	<p>The Districts actual costs for nonresident tuition (NRT) are greater than the Education Department's calculated rates. In addition, the District was not rebilling school districts of residence with updated Department rates. In addition, assistive technology purchases and rentals were not included in the calculation of costs to claim Excess Cost Aid.</p>	<p style="text-align: center;">3 recommendations</p> <p>The report's recommendations focused on billing school districts of residence for nonresident students attending District schools and nonpublic schools based on actual costs; rebilling school districts of residence using reconciled NRT rates; and ensuring all eligible costs are included when submitting claims for Excess Cost Aid.</p> <p>Officials agreed with the recommendations, and indicated they planned to take corrective action.</p>
<p>Charter School Of Inquiry</p> <p>Student Enrollment and Billing 2017M-74</p> <p>8th Judicial District</p>	<p>School officials did not accurately bill school districts of residence and student enrollment. In addition, attendance was not always adequately supported.</p>	<p style="text-align: center;">7 recommendations</p> <p>The report's recommendations focused on the Director ensuring that student information is entered correctly in the system, including entry and exit dates used for billing; and crediting back money due to school districts of residence as a result of errors made on billings.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>

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

<p>Cortland Enlarged City School District</p> <p>Fund Balance 2017M-65</p> <p>6th Judicial District</p>	<p>The Board did not appropriately manage the District's fund balance to ensure financial stability. For fiscal years 2013-14 through 2015-16, reserves decreased \$2.2 million (21 percent) and unrestricted fund balance decreased \$2.4 million (63 percent), leaving fund balance at a very low level.</p>	<p style="text-align: center;">2 recommendations</p> <p>The report's recommendations focused on the Board establishing budgets with sustainable use of fund balance by seeking alternative financing sources where available or reducing expenditures; and adopting a written fund balance policy that provides guidelines for the maintenance and use of unrestricted fund balance and reserves to assist in creating realistic budgets.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>
<p>Elmcrest Children's Center, Inc. (Elmcrest) and the Department of Education</p> <p>Compliance with the Reimbursable Cost Manual</p> <p>2016-S-62</p> <p>5th Judicial District</p>	<p>\$54,250 adjustment (2.5% of \$2.2 million reported in reimbursable costs on the CFR)</p> <p>The audit identified \$18,264 in personal service costs, \$16,578 in overstated expenses, \$12,911 in improperly allocated personal service and \$6,497 in other than personal service costs that Elmcrest reported on its CFR that did not comply with the RCM's requirements for reimbursement.</p>	<p style="text-align: center;">4 recommendations</p> <p>The report's recommendations focused on SED officials reviewing the recommended disallowances and making the appropriate adjustments to Elmcrest's CFR's and reimbursement rates; and Elmcrest's officials ensuring costs reported on future CFRs comply with all Manual requirements.</p> <p>Department officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>

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

<p>Elmont Union Free School District</p> <p>Financial Condition 2017M-82</p> <p>10th Judicial District</p>	<p>Board and District officials did not ensure that budget estimates and fund balance were reasonable, producing overestimated expenditures by \$19 million over the three-year period. As a result, the District's unrestricted fund balance has exceeded the statutory limit by almost 7 percentage points.</p>	<p style="text-align: center;">2 recommendations</p> <p>The report's recommendations focused on the Board adopting 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 and not used to fund District operations.</p> <p>Officials disagreed with certain findings.</p>
<p>Franklinville Central School District</p> <p>Financial Management 2017M-49</p> <p>8th Judicial District</p>	<p>The Board and 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 \$2.1 million. In addition, officials have allowed reserve balances to accumulate to excessive levels.</p>	<p style="text-align: center;">6 recommendations</p> <p>The report's recommendations focused on ensuring budgets include realistic estimates of appropriations based on actual needs to avoid levying taxes at a level greater than needed; maintaining unrestricted fund balance within the statutory limit; and developing a comprehensive written policy or plan for establishing, funding and using reserve funds.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>
<p>Goshen Central School District</p> <p>Financial Condition 2017M-46</p> <p>9th Judicial District</p>	<p>The Board over appropriated \$3.9 million (80 percent) balance to fund operations in fiscal years 2011-12 through 2015-16. In addition, the Board has not adopted a plan that addresses accumulating and using reserve funds.</p>	<p style="text-align: center;">4 recommendations</p> <p>The report's recommendations focused on the Board adopting budgets that represent the District's actual needs and discontinuing the practice of adopting budgets that appropriate fund balance that will not be used to fund operations; and developing a written reserve fund policy that indicates the amount of funds to be reserved, how each reserve will be funded and when the balances will be used to finance related costs.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>

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

<p>Guilderland Central School District</p> <p>Cash Disbursements 2017M-29</p> <p>3rd Judicial District</p>	<p>District officials have ensured that cash disbursements are adequately supported, for District purposes and properly recorded.</p>	<p>There were no recommendations.</p>
<p>Hagedorn Little Village School (HLVS) and the State Education Department</p> <p>Compliance with the Reimbursable Cost Manual (RCM) 2017-S-4</p> <p>10th Judicial District</p>	<p>\$10,040 adjustment (.16% of \$6.29 million reported in reimbursable costs on the CFR)</p> <p>The audit identified \$10,040 in other than personal service costs that HLVS reported on its CFR that did not comply with the RCM's requirements for reimbursement.</p>	<p style="text-align: center;">3 recommendations</p> <p>The report's recommendations focused on SED officials reviewing the disallowances and making the necessary adjustments to HLVS' CFR and reimbursement rates; reminding HLVS officials of the pertinent SED requirements related to the deficiencies identified; and HLVS officials ensuring that costs on annual CFRs comply with SED requirements.</p> <p>Department officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>
<p>Ithaca City School District</p> <p>Transportation State Aid and Information 2017M-63</p> <p>6th Judicial District</p>	<p>District officials did not apply for all the transportation State aid to which the District was entitled to receive for bus purchases. In addition, 48 percent of their network user accounts had not been used to log on to the network in at least six months.</p>	<p style="text-align: center;">4 recommendations</p> <p>The report's recommendations focused on District officials implementing procedures to ensure the preparation and submission of transportation State aid documentation; performing an annual reconciliation of expected aid to actual aid received; and establishing procedures to ensure user accounts no longer needed are disabled or removed in a timely manner.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>

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

<p>Miller Place Union Free School District</p> <p>Check Signing 2017M-76</p> <p>10th Judicial District</p>	<p>The audit focused on the Treasurer not maintaining custody of his signature, or supervising the application of his signature during the check signing process. In addition, while the Board has authorized the District Clerk to sign checks in the Treasurer's absence, the District Clerk does not have her own signature flash drive.</p>	<p style="text-align: center;">4 recommendations</p> <p>The report's recommendations focused on the Board amending the authorized signature policy to require the Treasurer to maintain custody of his signature drive; and discontinuing the practice of allowing his electronic signature be used without direct authorization or supervision.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>
<p>North Shore Central School District</p> <p>Fuel Inventory 2017M-89</p> <p>10th Judicial District</p>	<p>The facilities department did not maintain adequate fuel inventory records and did not have sufficient information to perform reconciliations to physical inventory readings.</p>	<p style="text-align: center;">3 recommendations</p> <p>The report's recommendations focused on District officials ensuring electronic or manual book inventory records of fuel are maintained; and ensuring that the fuel supplies are periodically measured and reconciled to book inventory records, and any differences be promptly investigated and resolved.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>
<p>Parishville-Hopkinton Central School District</p> <p>Financial Management 2017M-72</p> <p>4th Judicial District</p>	<p>The Board adopted budgets with estimated appropriations that exceeded actual expenditures by a total of \$2.5 million, or an average of 8 percent, over fiscal years 2013-14 through 2015-16, which resulted in appropriated fund balance not being used. In addition, the Board did not adopt a reserve fund policy and have overfunded reserves.</p>	<p style="text-align: center;">6 recommendations</p> <p>The report's recommendations focused on the Board developing and adopting budgets that include realistic estimates for expenditures; developing a written policy that identifies the amount of funds to be reserved and how each reserve will be funded; and using debt reserve money to pay related debt service expenditures in compliance with statutory requirements.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>

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

<p>Pavilion Central School District</p> <p>Financial Management 2017M-62</p> <p>7th and 8th Judicial District</p>	<p>Board and District officials adopted budgets with overestimated appropriations producing operating surpluses of 2.1 million over fiscal years 2013-14 through 2015-16; in addition, the reserve policy did not stipulate maximum funding levels for each reserve.</p>	<p style="text-align: center;">4 recommendations</p> <p>The report's recommendations focused on District Officials adopting budgets that include realistic estimates for expenditures; revising the reserve fund policy ensuring the policy identifies the targeted funding levels for each reserve and the conditions under which each reserve fund will be used.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>
<p>Peru Central School District</p> <p>Extra-Classroom Activity Funds 2017M-69</p> <p>4th Judicial District</p>	<p>The auditors found disbursements of \$6,976 were not authorized by a student treasurer and District officials were unable to provide adequate support for disbursements amounting to \$6,746.</p>	<p style="text-align: center;">6 recommendations</p> <p>The report's recommendations focused on preparing checks for signature only after receiving signed payment order forms that contain adequate supporting documentation; and ensuring each club maintains an accurate student ledger.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>
<p>PUC Achieve Charter School</p> <p>Board Oversight 2016M-316</p> <p>7th Judicial District</p>	<p>Board members did not actively direct and monitor the School's financial operations, or monitor potential conflicts of interest. In addition, during the first year of operations, revenues fell short of estimates, compounded by higher-than-expected expenditures, resulting in a loss of approximately \$470,000.</p>	<p style="text-align: center;">10 recommendations</p> <p>The report's recommendations focused on the Board actively monitoring the School's financial condition and developing a plan to improve its current condition; ensuring the School has sound budgets; actively monitoring the adopted budget; requiring monthly financial reports; and consulting with legal counsel to address any potential conflicts of interest.</p> <p>School officials generally agreed with the report's recommendations and have indicated that they planned to take corrective action.</p>

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

<p>Saugerties Central School District</p> <p>Extra-Classroom Activity Funds 2017M-77</p> <p>3rd Judicial District</p>	<p>Student treasurers did not maintain adequate supporting documentation for cash receipts totaling \$127,553, and district officials did not have adequate assurances that student treasurers are adequately accounting for all collections or remitting them to the central treasurers in a timely manner. In addition, sales tax was not collected or remitted to the central treasurers and the annual sales tax returns were not filed with the New York State Department of Taxation and Finance.</p>	<p style="text-align: center;">10 recommendations</p> <p>The report's recommendations focused on the District ensuring central treasurers, faculty advisors and student treasurers were adequately informed about the District's cash receipts policies and procedures, follow the specific requirements for the receipt of funds, maintaining adequate and appropriate accounting records; collecting and remitting sales tax on applicable sales; and ensuring that central treasurers file annual sales tax returns with the State.</p> <p>Officials generally agreed with the recommendations and indicated they planned to take corrective action.</p>
<p>Shoreham-Wading River Central School District</p> <p>Financial Management 2017M-75</p> <p>10th Judicial District</p>	<p>The Board has not adopted budgets with reasonable expenditure and fund balance appropriations. In addition, the District's unassigned fund balance was 11 percent of the ensuing year's appropriations, exceeding the statutory limit by almost 7 percentage points.</p>	<p style="text-align: center;">3 recommendations</p> <p>The report recommendations focused on Board and District officials developing realistic estimates of appropriations and the using of fund balance in the annual budget; and using surplus fund balance in a manner that benefits District residents.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>

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

<p>South Jefferson Central School District</p> <p>Community Services 2016M-343</p> <p>5th Judicial District</p>	<p>District officials should improve controls over program receipts and disbursements. Money collected was deposited without adequate documentation to support the amount of cash collected.</p> <p>In addition, District officials need to improve their oversight of non-District group transportation services. Although the Board adopted a transportation and use of building policy, its intentions for fees to be charged for using District property were not clearly outlined.</p>	<p style="text-align: center;">7 recommendations</p> <p>The report's recommendations focused on the Board ensuring documentation is maintained for all money received from fundraising events and donations; and District officials periodically updating the District's cost per mile reimbursement rate analysis.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>
<p>State Education Department (Department)</p> <p>Security Over Critical Information Systems 2016-S-69</p> <p>3rd Judicial District</p>	<p>The audit identified a potential risk that unauthorized persons could access the Department's critical information systems. This is largely because the Department has not taken fundamental steps to secure its critical systems; in addition, the Department could also improve certain technical controls over its critical systems.</p>	<p style="text-align: center;">2 recommendations</p> <p>The report's recommendations focused on the Department developing strategies to enhance security controls over critical systems; and implementing the recommendations detailed during the audit to strengthen technical controls over critical systems.</p> <p>Department officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>

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

<p>Therapy and Learning Center (TLC) and the State Education Department</p> <p>Compliance with the Reimbursable Cost Manual 2016-S-44</p> <p>2nd Judicial District</p>	<p>\$276,453 adjustment (.16% of \$12.9 million reported in reimbursable costs on the CFR)</p> <p>The audit identified \$143,974 in personal service costs and \$132,479 in other than personal service costs that TLC reported on its CFR that did not comply with the Manuals requirements for reimbursement.</p>	<p style="text-align: center;">3 recommendations</p> <p>The report's recommendations focused on SED officials reviewing the disallowances and making the appropriate adjustments to TLC's CFRs and reimbursement rates; working with TLC officials to ensure their compliance with SED's reimbursement requirements; and TLC officials ensuring that costs reported on future CFRs comply with SED's reimbursement requirements.</p> <p>Department officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>
<p>Variety Child Learning Center (Variety) and The State Education Department</p> <p>Compliance With the Reimbursable Cost Manual (RCM) 2016-S-77</p> <p>10th Judicial District</p>	<p>\$6,719 adjustment (.07% of \$9.35 million reported in reimbursable costs on the CFR)</p> <p>The audit identified \$6,719 in other than personal service (OTPS) costs that Variety Child Learning Center reported its CFR that did not comply with the RCM's requirements for reimbursement.</p>	<p style="text-align: center;">3 recommendations</p> <p>The report's recommendations focused on SED officials reviewing the disallowances identified by our audit and, if warranted, making the necessary adjustments to the costs reported on Variety's CFR and to their tuition reimbursement rates; and Variety 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>Department officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>

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

<p>Wells Central School District</p> <p>Financial Condition Management 2017M-70</p> <p>4th Judicial District</p>	<p>District adopted budgets that were unrealistic and included appropriated fund balance not used as planned to fund operations. The budgets overestimated appropriations by almost \$1.2 million or 7.7 percent. In addition, unrestricted fund balance exceeded the statutory limit by 11.1 percentage points.</p>	<p style="text-align: center;">4 recommendations</p> <p>The report's recommendations focused on adopting realistic annual budgets based on historical trends or other known trends and using appropriated fund balance to fund operations; and using surplus funds as a financing source to fund one-time expenditures and needed reserves or reduce District property taxes.</p> <p>Officials generally agreed with the recommendations, and indicated they planned to take corrective action.</p>
<p>Westchester Community College</p> <p>Fixed Assets 2017M-78</p> <p>9th Judicial District</p>	<p>College officials have adopted effective fixed asset policies and procedures.</p>	<p style="text-align: center;">There were no recommendations.</p>