
Audit Report

Cattaraugus-Allegany-Erie-Wyoming
Board of Cooperative Educational Services

for the Period

July 1, 2001 through June 30, 2003

BOC-0403-3

January 24, 2005

The University of the State of New York
THE STATE EDUCATION DEPARTMENT
Office of Audit Services
Albany, New York 12234





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

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January 24, 2005

Ms. Delores Ackerman
Board President
Cattaraugus-Allegany-Erie-Wyoming BOCES
1825 Windfall Road
Olean, New York 14760-9303

Dear Ms. Ackerman:

The following is our final audit report (BOC-0403-3) of the Cattaraugus-Allegany-Erie-Wyoming BOCES for the period July 1, 2001 through June 30, 2003. The audit was conducted pursuant to Sections 305 and 1950 of the Education Law in pursuit of Goal #5 of the Board of Regents/State Education Department Strategic Plan: "Resources under our care will be used or maintained in the public interest."

Ninety days from the issuance of this report, BOCES officials will be asked to submit a report on actions taken as a result of this audit. I appreciate the cooperation and courtesies extended to the staff during the audit.

Sincerely,

Michael Abbott, CPA

Enclosure

cc: Commissioner Mills, T. Savo, B. Porter, J. Kadamus, G. Smith, C. Szuberla, C. Foster (DOB), W. Campbell (OSC), Robert D. Olczak, District Superintendent

Executive Summary

Background and Scope of the Audit

Cattaraugus-Allegany-Erie-Wyoming Board of Cooperative Educational Services (CAEW BOCES) is headquartered in Olean, New York and serves 22 component districts that have enrollments of more than 21,000 students. CAEW BOCES had general fund expenditures of \$42 million and was ranked as the 18th largest BOCES in the State, in terms of total general fund expenditures, for the 2001-02 school year.

The objective of the audit was to assess the adequacy of CAEW BOCES' management controls which are designed to help ensure its goals and objectives are accomplished; laws, regulations, and good business practices are complied with; assets are safeguarded; and accurate and reliable data are maintained. The audit focused on management controls and reviewed practices, records, and documentation for the period July 1, 2001 through June 30, 2003. This audit also followed up on findings and recommendations from the previous New York State Education Department (Department) audit.

Summary of Audit Results

The audit determined that CAEW BOCES had many of the necessary controls in place; however, improvement opportunities exist in certain areas. A summary of our findings and recommendations follows:

- All CAEW BOCES funds should be accounted for in Board authorized bank accounts and reflected in CAEW BOCES' accounting records. (pages 4 and 5)
- Include categories of expenditures, operation and maintenance (O&M) accounts, and internal services activities on the budget status reports, and ensure O&M and expense transfers are made in a timely manner. (pages 5 and 6)
- Dispose of surplus property by selling it to the highest bidder, use the approved policy for the sale of surplus property, and conduct a physical inventory of all assets. (pages 7 through 9)
- Controls over check receipts, the use of pre-numbered receipt forms, and the authorization of individuals collecting cash for CAEW BOCES need to be improved. (pages 10 and 11)
- Documentation for non-traditional EPE contact hours should be improved. (pages 12 and 13)
- CAEW BOCES has many of the necessary controls related to purchasing and expenditures. (page 14)
- Adequate documentation was maintained to support student-related data submitted to the Department for the BOCES Report Card and the Financial and Statistical Outcomes of the Boards of Cooperative Educational Services Report (Chapter 602 Report). (page 15)
- CAEW BOCES generally complied with laws and regulations concerning the extraclassroom activity funds, school safety, and security. (page 16)
- Most of the recommendations in our prior report were implemented. (page 17)

Comments of CAEW BOCES Officials

CAEW BOCES officials' comments about the findings were considered in preparing this report and are included as Appendix B. CAEW BOCES officials generally agree with the recommendations and plan on implementing them as necessary.

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Introduction

Background

The mission of Cattaraugus-Allegany-Erie-Wyoming Board of Cooperative Educational Services (CAEW BOCES) is to enhance the quality of education in its region through efficient planning, effective communication, and the sharing of resources. CAEW BOCES is headquartered in Olean, New York and serves 22 component districts that have enrollments of more than 21,000 students. CAEW BOCES had general fund expenditures of \$42 million and was ranked the 18th largest BOCES in the State, in terms of total general fund expenditures, for the 2001-02 school year.

BOCES are organized under Section 1950 of the Education Law to provide shared educational programs and services to districts. These programs and services may include career and technical education for students and adults, alternative education, adult basic education, special education, professional development, technology services, and school library services. Section 305 of the Education Law requires the New York State Education Department (Department) to perform fiscal audits of BOCES at least once every three years, resources permitting.

BOCES are required to collect and report various fiscal and performance data. The data are used to prepare the New York State BOCES Report Card (Report Card) and the Financial and Statistical Outcomes of the Boards of Cooperative Educational Services Report (Chapter 602 Report). The Report Card summarizes program accomplishments and services provided for children and adults. The Chapter 602 Report details certain financial and statistical data such as tuition costs for selected programs, per student cost information, and aggregate expenditure data for BOCES administrative, capital, and service functions.

The Report Card and Chapter 602 Report can be obtained from the following online sources.

- The Report Card is available at <http://www.emsc.nysed.gov/repcrd2003/BOCES/highlights.pdf>
- The Chapter 602 Report is available at <http://www.emsc.nysed.gov/mgtserv/602%20Report/AnnualReportTable.htm>

Objectives, Scope, and Methodology

The Office of Audit Services (OAS) reviewed selected management practices, records, and documentation for the period July 1, 2001 through June 30, 2003. The audit used a questionnaire to focus on seven key areas: governance and planning, facilities and equipment, revenue and cash management, accounting and reporting, purchasing and expenditures, student related data, and student services. The questionnaire contains information on key controls in each of these areas and includes the specific criteria or the standards used in assessing CAEW BOCES' operations. A copy of the questionnaire is available from OAS.

The objective of the audit was to assess the adequacy of CAEW BOCES' management controls which are designed to help ensure its:

- goals and objectives are accomplished;
- laws, regulations, and good business practices are complied with;
- assets are safeguarded; and
- accurate and reliable data are maintained.

To accomplish this objective, we reviewed applicable laws, regulations, policies and procedures; interviewed CAEW BOCES management and staff using our questionnaire; examined records and supporting documentation; sampled a limited number of transactions on a non-statistical basis; and reviewed CAEW BOCES' audited financial statements.

Our audit included examining, on a test basis, evidence supporting transactions recorded in the accounting and operational records and applying other procedures considered necessary in the circumstances. The audit also assessed the estimates, judgments, and decisions made by management and determined the status of the implementation plan submitted for our prior audit report BOC-0498-11. We believe that the audit provides a reasonable basis for our findings, conclusions, and recommendations.

Summary of Audit Results

A BOCES' board and management are responsible for establishing, implementing, and monitoring internal control systems. Internal controls are the policies, procedures, and practices designed and implemented to provide management with reasonable assurance that resources are safeguarded against waste, loss, and misuse; that operations are efficient and effective; that specific management objectives are achieved; that financial reports are reliable; and that the

entity complies with applicable laws and regulations. The internal control systems must be built into the business processes to ensure core activities are accomplished effectively, efficiently, and economically.

The audit determined that CAEW BOCES had many of the necessary controls in place; however, some improvement opportunities were identified and are addressed in detail in the body of the report. CAEW BOCES should give careful consideration to the recommendations to further improve its operations and management.

Comments of CAEW BOCES Officials

CAEW BOCES officials' comments about the findings were considered in preparing this report and are included as Appendix B. CAEW BOCES officials generally agree with the recommendations and plan on implementing them as necessary.

Governance and Planning

A BOCES' board of education is responsible for the provision of cost effective programs and services and must provide for the governance and oversight of the BOCES' affairs, personnel, and properties. The audit determined the CAEW BOCES' board (Board) addressed many of its governance and planning responsibilities related to the control environment, compliance with legal requirements, fiscal oversight, staffing, and strategic planning. However, the Board could make improvements related to the approval and accounting of bank accounts and budget status reports.

Unauthorized Bank Account

Section 1950.4(k) of the Education Law requires that a BOCES' board designate a depository within its region for the deposit of money. The receipt, deposit, investment, and disbursement of funds should be accounted for using authorized bank accounts. However, the audit noted that funds for a store operated as part of CAEW BOCES' career and technical education program were not accounted for in an authorized bank account or reflected on CAEW BOCES' books.

Recommendation 1: Ensure all CAEW BOCES funds are accounted for in Board authorized bank accounts and reflected on CAEW BOCES' accounting records.

In 1995, the Board approved a lease for store space for the Business Techniques/Little Apple Enterprises as part of the career and technical education program. The building principal and teacher opened a checking account for this store without Board approval. The funds from the store's operation were accounted for by students using the check register and not in CAEW BOCES' official accounting records. As a result, the revenue from the operation of Little Apple Enterprises was not transmitted to or accounted for by the business office for over seven years. In addition, the revenue and expenditures were not reflected in CAEW BOCES' books of accounts and, therefore, were not in the general fund. Without adequate oversight, there is an increased risk that the funds could be misused.

CAEW BOCES' independent auditors conducted a review of financial transactions and believe that all revenues and expenditures were accounted for during the past several years. Based on the recommendation of the independent auditors, CAEW BOCES will transfer the account to the general fund and will account for revenue and expenditures of the Little Apple Enterprise on a monthly basis

through the Career and Technical CO-SER. The funds will be subjected to the same processes, procedures, and requirements as other career and technical education programs.

Budget Status Reports

A BOCES' board needs accurate and timely budget status reports to monitor the BOCES' financial condition and to ensure timely corrections to the budget plan. The budget status report provides an accounting of budget estimates compared to actual activity and can help ensure that the budget is not overspent. CAEW BOCES' budget status report was not complete and expense transfers were not made on a timely basis.

Recommendation 2: Ensure the budget status reports submitted to the Board are complete and include a breakout of expenses by categories, operation and maintenance accounts (O&M), and internal service activities.

Section 1950.4(j) of the Education Law and Section 170.2 of the Regulations of the Commissioner of Education (Regulations) require the treasurer to submit to the board a budget status report at least quarterly (monthly in the event that budget transfers have been made since the last report) for each fund. The report should show appropriations and encumbrances, revenue accounts, categories of expenses including O&M accounts, and internal service activities.

CAEW BOCES provided a monthly budget status report to the Board; however, the report was not complete or accurate. For example, the report dated May 28, 2003 did not include budget activity codes for O&M or internal service activities. The report provided to the Board showed general fund expenditures of \$28.4 million and an unencumbered balance of \$12.0 million. However, the financial statements showed general fund expenditures of \$41.7 million and an unencumbered balance of about \$150,000 as of June 30, 2003.

The audit also found that the expenditures for O&M and internal service activities expenditures were not allocated or transferred throughout the year to the various CO-SERs. CAEW BOCES charged certain expenditures to the O&M cost center throughout the year and then allocated the cost to each program's CO-SER at year end. As a result, the program CO-SERs on the budget status reports prepared throughout the year did not reflect an allocated share for the cost of O&M.

Recommendation 3: Ensure expenditures for O&M and internal service activities are allocated or transferred as needed to present the Board with accurate budget status reports.

In order for the Board to have accurate information on each of the CO-SERs, the allocation of expenditures for items such as O&M needs to be done periodically. The audit determined that, as of March 31, 2003, \$7.6 million in O&M expenditures and encumbrances were not allocated to the individual program CO-SERs. As such, the budget status reports are substantially understating expenditures for many of the CO-SERs and the Board and managers do not have accurate and up-to-date information to facilitate making financial decisions.

Facilities and Equipment

A BOCES must provide adequate facilities and equipment for educating its students and operating over a large geographical area. In addition, a BOCES must adhere to all requirements related to facilities maintenance and must implement the necessary controls to safeguard assets.

CAEW BOCES' financial statements show it has assets totaling more than \$10 million including land, buildings, and equipment. As such, CAEW BOCES should establish controls that safeguard property against loss, ensure effective utilization, evaluate needs, and identify surplus items. Adequate controls include the maintenance of complete and accurate records, identification of assets with ownership tags, and the periodic conduct of physical inventories.

CAEW BOCES has many of the controls related to facilities maintenance and inventory controls for its assets. However, it could make improvements related to surplus property and accountability over assets.

Surplus Property

BOCES are required by Section 170.3(i) of the Regulations to develop and adopt a formal policy on personal property accountability including procedures governing the acquisition, sale, and disposal of personal property. The policy must be submitted to the Commissioner for approval. Procedures must be developed for the disposition of personal property that has been determined to be obsolete, surplus, or otherwise not needed. Such procedures shall provide for the sale of valuable personal property to the highest bidder. BOCES and other organizations using public funds have a fiduciary responsibility to obtain the best price for the property. However, the audit found that CAEW BOCES did not fully comply with these Regulations.

Recommendation 4: Dispose of obsolete, surplus, and unneeded personal property by selling it to the highest bidder.

CAEW BOCES sold nine vehicles to component districts without the benefit of public bidding. The vehicles were sold at an amount significantly less than the trade-in value according to the NADA Book Used Car Guide at or near the time of the sale and taking into account the mileage for each vehicle. Table 1 shows information on the vehicles sold.

Table 1
CAEW BOCES Vehicles Sold

Vehicles	Original Price	Sale Price	Trade-In Value
2001 Dodge 2500	\$25,064	\$8,613	\$18,151
2000 Chevrolet Venture	17,801	7,488	12,350
2000 Chevrolet Venture	17,801	7,488	12,000
2000 Chevrolet Venture	17,801	7,488	11,825
2000 Chevrolet Venture	17,801	7,488	11,650
2000 Chevrolet Lumina	13,902	5,775	7,975
2000 Chevrolet Lumina	13,902	5,775	7,675
2000 Chevrolet Lumina	13,902	5,775	7,675
2000 Chevrolet Lumina	13,902	5,775	7,675
Total	\$151,876	\$61,665	\$96,976

Source: CAEW BOCES' records and NADA Book

In addition to not being in compliance with the Regulations, this process may not result in CAEW BOCES obtaining the best price for the vehicles.

Recommendation 5: Re-evaluate the practice of replacing vehicles every two years.

The audit noted CAEW BOCES replaced some of its vehicles every two years. The audit surveyed several other organizations and found that their vehicles are usually kept five to seven years. While repairs and maintenance expenses are minimized and the newer vehicles are more dependable, the practice of buying new vehicles every two years is more costly than maintaining older vehicles.

CAEW BOCES officials submitted their inventory policy to the Department and it was approved. The policy required that the sale of surplus property shall be open to the public and notice of the sale and request for bids shall be made through advertisements in the local newspapers. However, CAEW BOCES did not follow this policy.

Recommendation 6: Follow the Department approved policy for the sale of surplus property.

CAEW BOCES has a policy approved by the Department, but adopted a subsequent policy for the sale of surplus property without obtaining the approval of the Commissioner. The unapproved policy states that all surplus or obsolete equipment, supplies, or materials will be made available to the component districts prior to their disposal or sale and the Superintendent will recommend to the Board the best method for making such items available. This is not consistent with the

requirement in the Regulations that surplus property be sold to the highest bidder.

Accountability Over Assets

Section 170.3(i) of the Regulations requires BOCES to keep inventory records up-to-date and conduct a physical inventory of assets valued at \$500 or more on at least an annual basis and all other assets at least once every two years. A physical inventory means determining the actual existence and condition of real and personal property by visually examining the assets.

CAEW BOCES requires each of its teachers to inventory assets assigned to them and to verify the accuracy of the information recorded on the inventory system on an annual basis. However, several offices, including the business office, have not inventoried their assets or verified the accuracy of the information. Without such a procedure, accountability over assets has not been established.

Recommendation 7: Ensure that a physical inventory is performed of all required CAEW BOCES' assets.

The audit reviewed a sample of assets assigned to the business office and found that two items on the list were not initially located. One was disposed of without the records being updated and the other was subsequently located. The audit also noted that a \$3,000 printer located in the business office was not on the inventory records.

CAEW BOCES officials indicated they are in the process of implementing bar coding to facilitate tracking assets and conducting physical inventories.

Revenue and Cash Management

BOCES collect and invest millions of dollars in revenue each year. They must have adequate controls in place to ensure the funds are collected and deposited, accounted for accurately, and safeguarded. The audit determined CAEW BOCES generally complied with revenue and cash management requirements related to processing cash receipts and investments. However, CAEW BOCES could further improve its controls over cash and check receipts.

Cash and Check Receipts

BOCES must establish strong internal controls over cash collections to prevent mishandling and to safeguard against loss. Good business practices and sound internal controls require the establishment of adequate separation of duties for cash collections, restrictive endorsement for all checks, establishment of a record of all funds received, the use of pre-numbered multiple copy receipt forms, and authorization of individuals to collect cash. CAEW BOCES established many of the necessary controls over cash collections, but improvements could be made related to the restrictive endorsement on checks, the preparation of a list of checks received, forms used to record the receipt of cash and checks, and the authorization of individuals to collect money.

Recommendation 8: Establish procedures to restrictively endorse all checks upon receipt and create a record of the checks received.

Good business practices and sound internal controls require that an employee with no other cash or record keeping duties should open the mail, restrictively endorse all checks, and establish a record of all funds received. The checks should be turned over to the business office for deposit and someone independent of the record keeping function should verify the funds were deposited into the bank. Restrictively endorsing checks upon receipt helps minimize the chance of misappropriation. Many BOCES use a rubber stamp to endorse checks “for deposit only” in the name of the BOCES. The audit found that the person opening the mail at CAEW BOCES does not restrictively endorse checks or establish a list of all funds received.

Recommendation 9: Use the required pre-numbered receipt forms to acknowledge the collection of funds.

Section 170.2 of the Regulations requires the BOCES’ treasurer to acknowledge receipt of all monies by issuing a pre-numbered receipt

form as follows: original to the payer and the copy retained by the treasurer. This section also requires persons other than the treasurer, authorized by the board to receive money, to use a pre-numbered triplicate receipt form. Copies are distributed as follows: the original to the payer, a copy to the treasurer with the money or bank deposit receipt, and a copy retained by the individual authorized to receive money.

The audit found that CAEW BOCES did not use the required duplicate and triplicate pre-numbered receipt forms. Rather, CAEW BOCES used a single copy receipt form that is not pre-numbered. Such a practice increases the risk that funds may be misappropriated and not properly accounted for. An adequate audit trail is not established and management is not readily able to verify that all funds collected were turned over to the treasurer and deposited.

Recommendation 10: Ensure individuals currently collecting money at various CAEW BOCES locations are authorized to do so.

The audit also found that some individuals collecting money at various locations were not authorized to do so by the Board, as required by Section 170.2 of the Regulations. The Board's approval of these individuals to collect money would improve controls by letting employees know what is expected of them. It would also make the Board aware of the various collection sites and the reasons for collecting the money.

Accounting and Reporting

BOCES must have adequate accounting and reporting systems in place to ensure that accurate, timely, and complete financial records are maintained and disclosed in periodic reports to the board, the public, and the State. CAEW BOCES has many of the necessary controls related to financial condition, financial accounting and reporting, auditing, and State aid and grants. However, CAEW BOCES can make some improvements related to the documentation of Employment Preparation Education (EPE) contact hours.

EPE Documentation

EPE is a program that provides funding to districts and BOCES that offer certain approved educational programs for adults. This categorical aid program serves students 21 years of age or older who have not received a high school or equivalency diploma. One of the programs offered, Giving Ready Adults a Study Program (GRASP), is a non-traditional EPE program for adults who cannot attend a traditional classroom.

Districts and BOCES generate EPE aid by reporting contact hours and student enrollment on forms SA-160.1 and SA-160.2, EPE State Aid Claim Forms. The Department requires the number of reported contact hours to be clearly documented to ensure that EPE revenues paid to the districts or BOCES are appropriate. Any undocumented or overstated contact hours will be questioned upon audit and revenues will be reduced accordingly.

CAEW BOCES received \$181,528 in EPE aid for the 2001-02 school year, based on reported contact hours. CAEW BOCES generally had adequate systems and processes to claim, track, document, and report expenditures and contact hours properly. However, the audit found improvement opportunities related to the documentation of GRASP contact hours.

Recommendation 11: Ensure adequate documentation is maintained for claiming the correct contact hours for GRASP.

CAEW BOCES claimed 2,160 contact hours for students enrolled in GRASP classes. The audit selected a sample of five students who had 1,030 contact hours claimed for GRASP; however, the audit determined the student logs only supported 996 contact hours. The difference of 34 contact hours, which equates to \$185, is an immaterial

amount and no audit adjustment is necessary. However, CAEW BOCES should improve its documentation.

Program activities, such as career counseling or evaluation and intake assessment, are eligible for EPE aid provided they are conducted by a teacher and the start and end times for the services must be documented. The actual hours of service can be claimed as contact hours for EPE aid. Any undocumented or overstated contact hours will be questioned upon audit.

Recommendation 12: Ensure start and end times are noted for testing EPE students, particularly for the Test of Adult Basic Education (TABE) and General Educational Development (GED) indicator tests, and that actual contact hours are claimed for these tests.

The audit reviewed the student logs maintained by the GRASP teacher and determined that CAEW BOCES claimed three contact hours for each TABE test and GED indicator test rather than the actual time it took the students to complete the test. CAEW BOCES also did not note the start and end times, as required.

The Department's Office of Workforce Preparation indicated that the audit should allow three contact hours for the TABE test and the GED indicator test in this instance, but not in any future audit.

Purchasing and Expenditures

BOCES purchase thousands of products and services each year. They must have adequate controls in place to ensure purchases are made in compliance with the law and BOCES policy, and result in securing goods and services in the right quantity, at the right time, and for the right price.

The audit determined that CAEW BOCES established written procedures for the purchase and payment processes that included the key steps for processing a purchase requisition, issuing a purchase order, verifying receipt of the goods or services, approving the claim for payment, and paying for the goods or services in a timely manner. A sample of transactions showed each of the steps in the process was adequately documented including the approval or authorization of the transaction by a CAEW BOCES official, such as the purchasing agent.

The single largest expenditure category for a BOCES is salary and fringe benefits. As such, each BOCES must establish the necessary controls over payroll and personnel. The audit determined that CAEW BOCES generally implemented the necessary controls for payroll and personnel, had written policies and procedures for payroll and personnel, and generally maintained adequate documentation to support payroll and personnel transactions.

The audit performed limited testing in this area and found that CAEW BOCES has many of the necessary controls related to purchasing and expenditures including payroll and personnel. It is important that CAEW BOCES ensures its controls are working properly.

Student Related Data

BOCES are required to collect and report financial and other statistical data including expenditures, revenue, assets, liabilities, State aid information, attendance, special education placements, and other student and school information. This information is used to prepare the Report Card and the Chapter 602 Report. It is crucial that the data are reliable, accurate, accessible, and timely since the information may be used by BOCES, districts, the Department, and the public.

The Report Card summarizes program accomplishments and services provided for children and adults. It is intended as a tool for the continuous improvement of BOCES programs and services and for providing information to communities. The Report Card displays data about the following programs and services: career and technical education, alternative education, special education, professional development, technology services, the State testing program for all component districts, Regents examinations, and graduation results.

The Chapter 602 Report details certain financial and statistical outcomes, tuition costs for selected programs, per student cost information, and aggregate expenditure data for BOCES for the administrative, capital, and service functions. The Chapter 602 Report also includes prior year data.

The audit determined that CAEW BOCES had adequate documentation to support the financial and statistical information reported to the Department for use in preparing the Report Card and the Chapter 602 Report. CAEW BOCES should continue to maintain supporting documentation for all information reported to the Department.

Student Services

BOCES provide various services for their students including extraclassroom activities. In addition, BOCES should provide students with a learning environment that is safe and secure.

Extraclassroom activity funds are defined as monies raised other than by taxation or through charges of a board for, by, or in the name of a school or student body. Activity funds are raised and spent by student bodies to promote the general welfare, education, and morale of all students, and to finance appropriate extracurricular activities of the student body. The audit determined that CAEW BOCES developed policies and procedures for the operation of the extraclassroom funds, designated a treasurer for the funds, and had the funds audited by an independent auditor.

The audit also found that CAEW BOCES has taken the necessary steps to help ensure a safe and orderly school environment. CAEW BOCES adopted a comprehensive BOCES school safety plan as well as building-level school safety plans on crisis intervention, and emergency response and management. CAEW BOCES also has a student handbook that outlines student rules and expectations.

The audit performed limited testing in this area and found that CAEW BOCES generally complied with laws and regulations concerning extraclassroom activity funds, school safety, and security. It is important that CAEW BOCES continue to comply with applicable laws and regulations.

FOLLOW UP - RECOMMENDATION IMPLEMENTATION PLAN

On June 30, 2000, OAS issued a final audit report on management practices, records, and documentation related to select areas of CAEW BOCES. The report contained 20 recommendations to improve operations. CAEW BOCES submitted a Recommendation Implementation Plan for each recommendation on November 15, 2000.

CAEW BOCES successfully implemented or otherwise satisfied 18 of the 20 recommendations. The status of the two recommendations not fully implemented is shown below.

Recommendations

1. Implement and/or amend policies and procedures to require prior approval for overtime; establish dollar limits on personal telephone calls; prohibit guests from using the credit of CAEW BOCES; and establish travel advance procedures.

Implementation Action(s) per the BOCES:

BOCES requested boilerplate language from the Department on these items, but none was provided.

Audit note: The Department does not have standard language for these items for BOCES. Nevertheless, CAEW BOCES should implement the necessary policies and procedures and may ask its independent auditor or other BOCES for sample policies and procedures.

Status: Not implemented.

2. Continue complying with the management letter [regarding central receiving and bar coding] and personal property accountability policy, and supply a proposed completion date.

Implementation Action(s) per the BOCES:

BOCES established central receiving and is in the process of implementing bar coding for its inventory and assets.

Audit note: None

Status: Partially implemented.

Contributors to the Report
Cattaraugus-Allegany-Erie-Wyoming BOCES

- Calvin Spring, Audit Manager
- Ronald Talarico, Auditor-in-Charge
- T. Stewart Hubbard III, Senior Auditor

December 21, 2004

RECEIVED
DEC 21 2004
AUDIT SERVICES

Mr. Michael Abbott, CPA
Director
Office of Audit Services
NYS Education Department
Albany, NY 12234

Dear Mr. Abbott:

We have reviewed the "Draft Audit Report" for the 2001-03 audit of the Cattaraugus/Allegany/Erie/Wyoming BOCES, conducted by the State Education Department. The BOCES appreciates the opportunity to respond to the results and recommendations that were made in the report.

On November 18, 2003, we submitted our responses to the seven preliminary audit findings and answered the thirty-two questions related to the findings. These responses adequately clarified our opinions of the audit findings.

The "Draft Audit Report" contains eleven recommendations as a result of the seven audit findings. This BOCES is, in general, in agreement with these recommendations and will develop the necessary procedures to implement the changes that are necessary.

Thank you for the chance to comment on the 'Draft Audit Report'. We believe that this audit will result in improving our internal control procedures. If you have any questions regarding this matter, please call Tom Potter at (716) 376-8250.

Sincerely,



Dr. Robert D. Olczak
District Superintendent

eh
xc: Lynda Quick
Tom Potter