
Audit Report

Eastern Suffolk
Board of Cooperative Educational Services

For the Period

July 1, 1997 through June 30, 1998

BOC-0499-8

January 4, 2002

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





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January 4, 2002

Ms. Pamela Bethel
Board President
Eastern Suffolk BOCES
201 Sunrise Highway
Patchogue, New York 11772

Dear Ms. Bethel:

The following is our final audit report (BOC-0499-8) of the Eastern Suffolk BOCES for the period July 1, 1997 through June 30, 1998. 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."

It is the policy of the State Education Department to consider for review matters of significant disagreement which result from the issuance of a final audit report. Appendix C describes the process to be followed in the event of such disagreement.

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,

Daniel Tworek

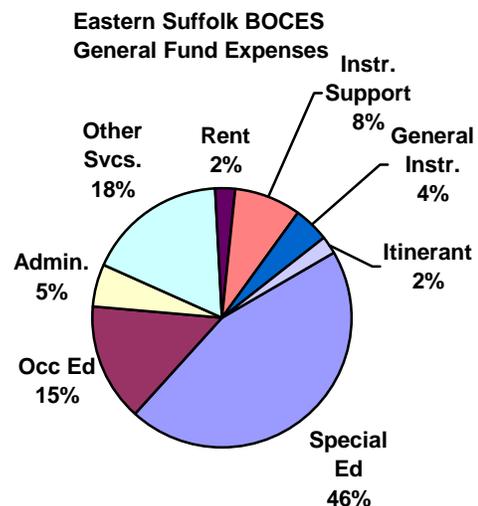
Enclosure

cc: Commissioner Mills, R. Cate, J. Kadamus, B. Porter, T. Sheldon, B. Stambler, J. Stevens, C. Szuberla, C. Foster (DOB), J. Dougherty (OSC), Dr. Gee, Interim District Superintendent

Executive Summary

Eastern Suffolk BOCES ranked as the largest BOCES in the State, in terms of total general fund expenditures, for the 1997-98 school year (\$180,987,747).

The pie chart illustrates general fund expenditures by program for the 1997-98 school year.



Background and Scope of the Audit

The audit examined management practices, records and documentation related to selected areas of Eastern Suffolk BOCES' operations for the period July 1, 1997 through June 30, 1998. These areas included Administration, Employment Preparation Education (EPE) Program, Operations and Maintenance, and other select CO-SERs. This was a financial related audit and the objectives were to: determine if cost allocations and transfers were accurate and reasonable; determine if services comply with Department approved specifications and provide a cost savings to school districts; verify that only reasonable and necessary costs were incurred; verify that the budgetary process provides control over the expenditure of funds; and verify the accuracy and reliability of data reported for EPE.

Audit Results

Presented below is a summary of the significant audit findings developed in response to the audit's objectives.

- EPE contact hours were overstated for intake and assessment, the GRASP program, and testing. These overstatements, as well as some other miscellaneous errors, caused Eastern Suffolk BOCES to receive an excess of \$218,460 in EPE funds.
- A pre-school special education program deficit was inappropriately funded from general fund revenues and not disclosed in the financial statements.
- Eastern Suffolk BOCES paid for unnecessary meal expenses.
- There are opportunities to improve management processes related to: bank reconciliations; control over vehicle usage; accounting for year-end encumbrances; equipment inventory; and incurring unnecessary or unreasonable expenses.

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Introduction

Background

Boards of Cooperative Educational Services (BOCES) are voluntary, cooperative associations of school districts that have joined to provide educational programs or services more economically than each could offer by itself, and are authorized by Section 1950 of the Education Law. BOCES may provide such services as special education for students with disabilities, occupational education, academic and alternative programs, summer school, staff development, computer services, educational communications, and cooperative purchasing. Today, there are 38 BOCES in New York State and all but 13 of the 705 school districts in the State are members.

Each BOCES submits an annual Cooperative Services Application (CO-SER) to the State Education Department (Department) for approval of each program and service offered to districts. After the BOCES obtains approval and determines budgeted program costs, it notifies the districts of available programs and the applicable rates.

Districts that belong to a BOCES are called component districts and are required to collectively pay the BOCES' administrative costs. Districts that actually use the programs offered by a BOCES, called participating districts, are required to pay for the costs of those programs. Costs charged to the districts are based on budgeted costs and are adjusted at the year-end to reflect actual costs. Typically, a refund is issued to the districts to reconcile differences.

Eastern Suffolk BOCES, headquartered in Patchogue, New York, serves 52 component districts, which enroll more than 156,000 students. During the 1997-98 school year, Eastern Suffolk BOCES was the largest of the 38 BOCES in the State, with \$180,987,747 in general fund expenditures.

Objectives, Scope and Methodology

Pursuant to Sections 305 and 1950 of the Education Law, we audited management practices, records and documentation related to select operations of Eastern Suffolk BOCES for the period July 1, 1997 through June 30, 1998. This was a financial related audit and our objectives were to:

- determine if cost allocations and transfers between funds and among CO-SERs are accurate and reasonable;
- determine if services comply with Department approved specifications and provide measurable cost savings to school districts;
- verify that only reasonable and necessary costs were incurred;
- verify that the budgetary process provides reasonable control over the expenditure of funds; and
- verify the accuracy and reliability of data reported to the Department for Employment Preparation Education aid.

To accomplish our objectives, the audit reviewed applicable laws, regulations, policies and procedures; interviewed Department and Eastern Suffolk BOCES management and staff; examined records and supporting documentation; sampled transactions on a non-statistical basis; and reviewed the CPA audited financial statements.

There is no process within Eastern Suffolk BOCES to assess the extent to which Eastern Suffolk BOCES' services provide a savings to school districts. The audit was unable to develop a methodology to independently assess the savings. As a result, that portion of the second audit objective was not accomplished.

We conducted our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence-supporting transactions recorded in the accounting and operational records and applying other audit procedures considered necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that the audit provides a reasonable basis for our findings, conclusions and recommendations.

Comments of Eastern Suffolk BOCES Officials

Eastern Suffolk BOCES officials' comments to the matters contained in this report have been included where appropriate.

Their final comments will be included as Appendix B to the final report.

Employment Preparation Education

Eastern Suffolk BOCES operates an Employment Preparation Education (EPE) Program. This categorical aid program targets students 21 years of age or older and is designed to provide instruction that leads to a high school or equivalency diploma. Eastern Suffolk BOCES received a total of \$1,527,802 in EPE aid for the period July 1, 1997 through June 30, 1998, based on 369,928 contact hours of instruction.

EPE aid is generated based on the number of contact hours that are provided. Section 168.4 of the Regulations of the Commissioner of Education states that EPE Program funds may be spent for personal services, employee benefits, equipment, supplies and materials, contractual services, travel expenditures, staff development and training, and other expenditures approved by the Commissioner. These expenditures are to be only for EPE Program purposes.

Education Law 3602 requires that State aid payable in the following year be reduced by the amount of any excess revenue. Eastern Suffolk BOCES overstated intake assessment hours and inaccurately reported GRASP, testing, and other miscellaneous contact hours. The total value of the overstated contact hours is \$218,460. The audit report will be used by the Department to adjust future aid received by Eastern Suffolk BOCES.

Intake Assessment Hours

According to a memorandum sent from the Department to all BOCES District Superintendents dated October 1995, career counseling, evaluation and intake assessment hours are eligible for EPE aid with two stipulations. The first is that a teacher conducts these program activities. Second, to ensure that EPE revenues paid to BOCES are appropriate, the number of reported contact hours must be clearly documented. Any undocumented or overstated contact hours will be questioned upon audit.

Eastern Suffolk BOCES records 12 contact hours for entrance into English for Speakers of Other Languages (ESOL) or Adult Basic Education/General Education Diploma (ABE/GED) class. The 12 hours cover testing, student meetings, and placement in class. A standard three hours are also recorded

for entrance to the jail program. BOCES had no documentation to support these initial contact hours, such as records of the dates, times, activities, or the name of the teacher who provided the services.

EPE records for a sample of 24 students who attended classes during reporting period one (July through December of 1997) were examined. The sample found that 19 students were reported for at least 12 hours of intake and 2 students at the jail were reported for 3 hours of intake. The remaining three students did not attend a literacy class, but instead attended a vocational education class and/or participated in the GRASP program or took a "Test of Adult Basic Education (TABE)." The audit found an average of over 25 hours were claimed for the 19 students because several students were credited with 12 hours for other literacy classes they attended or transferred to.

Most of the 19 students had at least 24 hours of intake reported, although the audit noted 36 hours reported for 3 students and 60 hours reported for 1 student. Eastern Suffolk BOCES provided a description of the intake process, but could not justify why the process took 12 hours or why there was no documentation to support the 12 hours. Traditional student enrollment for the year, not including nontraditional and adult occupational education, was 2,397 for period one and 2,023 for period two. Using the lower enrollment of 2,023 students multiplied by 12 hours, the estimated impact of this procedure is 24,276 hours (2,023 x 12). This is a conservative figure, since Eastern Suffolk BOCES may have claimed multiple intakes for the same student.

The BOCES computer system used to record and accumulate contact hours may be programmed to charge 12 hours for literacy students who enroll in a class. An additional 12 hours are charged for any additional classes or class transfers.

Eastern Suffolk BOCES has overstated the intake assessment hours provided to students. Not only is Eastern Suffolk BOCES unable to document the 12 hour charge, but some students were charged as much as 60 hours. This is not reasonable. Eastern Suffolk BOCES needs to revise the intake reporting to comply with the October 1995 memorandum to the District Superintendents concerning the EPE Program. As a result, Eastern Suffolk BOCES has overstated EPE contact hours by 24,276 hours and EPE aid by \$100,260 (24,276 x \$4.13/hr.).

GRASP and Testing Contact Hours

Section 168.2 of the Regulations of the Commissioner of Education (Regulations) defines nontraditional modes of instruction as external high school diploma programs, correspondence programs, televised general educational development programs, and such other EPE programs that are not conducted in regular classrooms during a regular school day as may be approved by the Commissioner. Giving Rural Adults a Study Program (GRASP) is an example of a nontraditional program.

Education Law and Department guidelines define contact hours eligible for EPE aid. For the GRASP program, Eastern Suffolk BOCES is limited to 12 contact hours per hour the teacher worked. This is further limited to one teacher hour per actively enrolled student. A student is considered actively enrolled if the student completes and turns in a completed home study packet (packet) once in a two-week period. Therefore, for every packet turned in, 12 contact hours may be claimed.

According to a memorandum sent from the Department to all BOCES District Superintendents dated October 1995, career counseling and evaluation, and intake assessment hours are eligible for EPE aid provided that these program activities are conducted by a teacher. According to Department officials, EPE aid can be claimed for initial testing (like TABE), but it should be claimed as traditional EPE, meaning one contact hour for every hour spent taking the test. For GRASP students, the testing should also be claimed as traditional hours.

Contact hours are claimed when GRASP packets are prepared for students. The audit found several examples where many packets were sent out and never returned. Some packets were even “reworked,” meaning the same subject matter was sent out again and another 12 hours were claimed. In some cases, Eastern Suffolk BOCES staff would continue to send out home study packets even though few were returned. Eastern Suffolk BOCES should consider only students who return the home study packets as actively enrolled, especially for an independent study course like GRASP.

Since GRASP hours were claimed for home study packets sent instead of received, the audit conducted an initial sample of 50 students and determined that 38 percent of the contact hours

claimed were inappropriate. In order to project the sample to the entire GRASP population, the audit selected an additional 81 students and again found the total error rate was approximately 38 percent.

As a result of the statistical sample, we are 95 percent certain that GRASP contact hours eligible for aid is between 30,594 and 40,483 hours (standard deviation +/- 4,944.46 hours). Giving Eastern Suffolk BOCES the benefit of the upper limit, the audit estimates that the total GRASP hours eligible for EPE aid amounts to 40,483 hours. Since Eastern Suffolk BOCES originally reported 56,424 GRASP hours, the audit is questioning 15,941 hours (56,424 – 40,483).

An additional 19,740 contact hours were claimed for TABE tests. Eastern Suffolk BOCES was multiplying the actual duration of the two-hour test by 12 for a total of 24 contact hours. For students who qualified for GRASP, an additional 12 hours were claimed for their first home study packet, for a total of 36 hours. Only actual testing hours are permitted for EPE aid. These hours are not considered nontraditional and therefore cannot be multiplied by 12. As a result, only 2 hours for the test should be reported. Since the audit did not have sufficient detail to determine which students were reported at 24 or 36 hours, a conservative approach was taken and the audit questioned 22 of the 36 hours (61 percent). If the audit multiplies 19,740 hours by 61 percent, the total is 12,041 questioned hours.

The financial impact of the GRASP statistical projection and the questioned TABE hours is as follows:

Questioned Hours	
GRASP	15,941
TABE	<u>12,041</u>
Total	27,982
Dollar Value (hours multiplied by \$4.13)	\$115,566

The audit determined that Eastern Suffolk BOCES overstated GRASP contact hours by 27,982, resulting in an overpayment of \$115,566.

Other Contact Hours Overstated

Under Section 168.2 of the Regulations, a contact hour for EPE is 60 minutes of instruction given by a teacher in approved

program component areas. To ensure that EPE revenues paid to the district or BOCES are appropriate, the number of reported contact hours must be clearly documented.

Fifty student records were sampled, representing 15,507 (4.2 percent) of the total 369,928 contact hours reported. In addition to the GRASP issues previously reported, the audit found the following:

- Scanner Errors, Input Errors – scanning errors led to an overstatement of 545 hours for 12 students. Eastern Suffolk BOCES’ computerized attendance records can be improperly scanned if there are errant markings on the attendance records. Most scanning errors were minimal – 4 to 8 hours. In addition, there were three input errors, but for larger numbers of hours (324 hours, 135 hours, 15 hours).
- Vocational Education Class Hours – Eastern Suffolk BOCES was reporting one additional contact hour for EPE students attending secondary vocational education classes. The attendance roster showed a three-hour class, but four hours were reported. This resulted in an overstatement of 209 hours for 3 students. Eastern Suffolk BOCES officials explained that students spent one additional hour with an EPE instructor to review their work and the material from the previous class; however, there is no separate attendance record for this additional hour. Students who attended the vocational class were assumed to have attended the additional hour.
- Unreported Hours – Eastern Suffolk BOCES did not report 116 contact hours for 3 students. The reason could not be determined.
- Attendance Record of Class Time - The audit noted that Eastern Suffolk BOCES’ attendance records only track the number of days attended, not the number of hours. Eastern Suffolk BOCES assumes students attend the class for the entire class period. Past experience has shown that this is rarely the case.

Scanner errors, although more frequent, are usually less significant while input errors and unreported hours are very infrequent, but can be more significant. Vocational class hours need to be properly documented. In general, attendance

records would be more accurate by recording the number of hours the student spends in class, otherwise reported contact hours will not be reliable. In total, the audit questions 638 hours, or \$2,635 (638 x \$4.13 EPE rate).

Undocumented Cost Allocations

Section 168.4 of the Regulations states that EPE Program funds may be spent only for personal services, employee benefits, equipment, supplies and materials, contractual services, travel expenditures, staff development and training, and other such expenditures as approved by the Commissioner. Such expenditures shall be made only for EPE Program purposes.

The *Office of the State Comptroller's Financial Management Guide for Local Governments* (Guide), Volume 1, Subsection 1.1040, states that, in order to provide "full cost" information, methods must be devised to allocate indirect costs to the areas that benefit from such activities. Generally Accepted Accounting Principles allow any method that produces an equitable cost distribution, and is adequately documented. The documentation would be of a nature that a prudent person, familiar with functions of the organization, could determine that the methods and the underlying basis for the allocation are reasonable and consistent.

The Adult Education Director is responsible for the following programs:

Eastern Suffolk BOCES
Adult Education Programs
1997-98 Expenses

CO-SER Name	CO-SER #	Expenses In Dollars	% of total
Health Occupation Cluster	913	1,106,023	28
EPE Traditional Program	984	1,511,747	38
Adult Education Program	992	1,351,711	34
Total		\$3,969,481	100

Most of his salary (75.5 percent) was charged to the EPE Program, even though EPE accounts for only 38 percent of the total program expenses he is responsible for. None of his salary was allocated to CO-SER 992 - Adult Education Program. The Director could not document the basis for the 75.5 percent allocation. He did inform the audit that his

allocation was based on available funding and added that EPE is usually charged 40 percent of his salary. Availability of funding is not proper justification for allocating salary costs. A more reasonable figure would be 38 percent of the Director's salary, or \$45,963. This results in an overcharge to EPE of \$45,375.

The audit was also unable to determine the amount of operations and maintenance (O&M) charges that were allocated to the Adult Education programs. Adult Education classes are held at the Brookhaven Technical Center (BTC), the Islip Technical Center (ITC), Sherwood at Holbrook, the Harry B. Ward Technical Center, and the New York Technical Center. The Annual Financial and Statistical Report of BOCES (SA-111) does not show any O&M charges to any Adult Education CO-SERs listed above. Eastern Suffolk BOCES officials agreed that O&M was not charged to EPE or the Adult Education program for 1997-98, but no reason was provided.

Eastern Suffolk BOCES does not accurately reflect the true cost of operating the EPE and Adult Education programs. The allocation of the Director's salary overstates the true cost of the EPE Program and understates the cost of the other Adult Education programs by approximately \$45,375. The allocation of O&M seems to understate the true cost of the EPE and Adult Education programs. Since EPE revenue cannot exceed actual expenditures, it is imperative that expenditures are allocated accurately.

There is no fiscal effect from this finding because the revenue adjustment from the finding of GRASP contact hours is much greater than this expense adjustment.

Eastern Suffolk BOCES officials indicated that there is no regulatory definition of documentation. Because of this they dispute the audit finding that documentation was unavailable. They particularly question the audit position that an actively enrolled student must be demonstrated by the receipt of a completed packet and believe that any contact with the student constitutes actively enrolled.

Eastern Suffolk BOCES officials indicated they will continue to document their claim according to existing guidelines and within the constraints of the computer system.

Recommendations

1. Revise the current procedure for intake assessment hours to report only actual and documented time spent. Make any computer programming changes, as needed.
2. Report GRASP contact hours only for the packets sent, as long as the previous packet was received. Students should be considered inactive after not returning two packets.
3. Report TABE as traditional contact hours, not nontraditional where the hours are multiplied by 12.
4. Increase monitoring of reported contact hours to ensure eligible students are claimed and contact hours are properly documented.
5. Document the basis for allocating personal service and O&M costs to the EPE Program. Refrain from charging expenses to EPE based on the availability of funds.

Comments of Eastern Suffolk BOCES Officials

Eastern Suffolk BOCES officials disagree with the recommendations. They believe that their documentation is in compliance with existing guidelines.

Auditor's Note

Eastern Suffolk BOCES' State aid claims were unsupported in many instances. In regard to GRASP hours, the Department's audit review process (see Appendix C) has upheld audit findings of the same nature as noted in this audit report. Eastern Suffolk BOCES needs to reassess the substantiality of documents and related processes for claiming EPE aid.

Cooperative-Services (CO-SERs)

BOCES must obtain the prior approval of the Commissioner of Education before providing any service. The Cooperative Service Application (CO-SER) is the document used to request this approval. The BOCES Administrative Handbook #2, *Criteria - Guidelines for Approval of BOCES Services*, delineates the minimum standards for the approval of service programs. A service proposal must be submitted for any service that is new to a given BOCES. The audit found that Eastern Suffolk BOCES did not follow their own policy in hiring a consultant, and the general fund was used to fund the pre-school special education deficit.

Hiring of Consultant - Not in Compliance with Policy

Eastern Suffolk BOCES Policy 5151 addresses the hiring of relatives. According to the policy “A candidate with a relative who is employed by or is a member of the BOCES will be hired only if his or her qualifications are truly superior to those of other candidates. If two persons are equally qualified, the one who is not a relative will be hired. If relatives are employed in the same school program, service or administrative unit, every effort will be made to ensure that one relative does not directly supervise another. For purposes of this policy, relative shall be defined as spouse, brother, sister, child, mother, father, grandmother, grandfather, grandchild, or any other relative or person living in the household of the employee or member of the BOCES.

The Executive Officer will disclose when reviewing the personnel report at the regular Board meeting any family or other relationship that exists between proposed staff members and current staff members or BOCES members, as well as any specific supervisory relationships which will be established pursuant to paragraph 2, above.”

The policy for hiring relatives refers to the selection process, which would favor the hiring of someone who is not a relative if the persons involved were equally qualified. The consultant in question is the father of the Associate Superintendent. Documentation was not available regarding the selection process for this consultant. The consultant was paid \$26,560 during the audit period. To ensure that there was no favoritism involved in selecting this consultant, Eastern Suffolk BOCES

should maintain documentation that the person was the most qualified. Eastern Suffolk BOCES officials stated that the individual was hired based on a component district's recommendation.

Because Eastern Suffolk BOCES contracted with a relative of a high-ranking Eastern Suffolk BOCES official, this may create the appearance that relatives receive favoritism in the consultant selection process.

Preschool Special Education Deficit

Education Law, Section 1950(4)(d), states that any component district which does not elect to participate in a specific cooperative service shall not be required to pay any share of the expenditures. Furthermore, Section (4)(f) states that BOCES shall receive all reimbursements from public funds for services, allocate the cost of BOCES activities and shared services to component school districts, and apportion surpluses and assessments for services on the basis of participation to those components. In addition, Section (cc) states that BOCES may establish and maintain a program of reserves not to exceed three percent of the annual budget to cover property loss and liability claims. Eastern Suffolk BOCES funded a stipulation of settlement of an audit disallowance from funds that should have been refunded to school districts.

Eastern Suffolk BOCES terminated its Special Education Preschool Programs in June 1997. The special education preschool program is a State/county funded program. The Office of the Comptroller for Suffolk County conducted closeout audits of BOCES' preschool programs for the years 1990-91, 1991-92, and 1992-93. The audit determined that Eastern Suffolk BOCES had been funded for costs which are not allowable under the methodology or based on undocumented allocations. Eastern Suffolk BOCES and Suffolk County entered into a settlement that called for the repayment of \$6.5 million, half payable to Suffolk County, half to the Department.

Eastern Suffolk BOCES used general fund surplus without notifying affected school districts. In addition, the funding was obtained through an arbitrary methodology which made no attempt to distribute the costs of the settlement to the home districts of the children that benefited from the services.

Eastern Suffolk BOCES retained surplus funds from the general fund, which are due to component districts, to pay for the audit settlement. There is no mention in Eastern Suffolk BOCES' 1997-98 financial statements of a reserve fund established to pay pending audit disallowances. Eastern Suffolk BOCES officials were asked to provide details about how the \$6.5 million audit settlement was financed. The School Finance Manager said that \$5.8 million had been withheld from component district refunds and had accumulated in the account "Other Liabilities." The remaining \$700,000 would come from the current year's (1999-2000) fund balance.

These funds should have been refunded to component districts. Instead, the amount was charged to many individual CO-SERs. For example, some of the costs of the stipulated settlement were charged to the following CO-SERs in the 1997-98 school year:

- Occupational Education (\$402,231 or 20.4%),
- Special Occupational Education (\$295,583 or 15%),
- Special Education Option 3 (\$135,851 or 6.9%),
- Special Education 12-1-4 (\$136,940 or 6.9%),
- Handicapped Transportation (\$139,745 or 7.1%), and
- School Age Summer Training (\$119,442 or 6.1%)

The amount of the charges and the CO-SERs charged were based on the availability of funds in those CO-SERs. Eastern Suffolk BOCES has been retaining refunds due to component school districts to pay for the deficit generated by the Preschool Programs. Eastern Suffolk BOCES officials have indicated that this has been going on for quite a while with Board approval. However, component districts were not notified of this practice.

Eastern Suffolk BOCES overstated its General Fund expenditures to pay for a deficit from the Special Aid Fund. This results in over-billing for all Eastern Suffolk BOCES services. By charging the expenses to CO-SERs, there is likelihood that participant component districts received BOCES aid on the settlement of an audit disallowance for a preschool program that does not involve local school district funds. This raises a question with statutory authority and/or policy regarding the use of Eastern Suffolk BOCES' reserve funds to finance a non-BOCES aidable program. This matter will be referred to appropriate Department staff for review.

In addition, districts are assuming a portion of the \$6.5 million operating deficit of the Preschool Program, regardless of their participation in the program.

Eastern Suffolk BOCES officials state that they believe the appointment of the consultant was consistent with Eastern Suffolk BOCES policy, and indicated that they will continue to notify school districts of program balances.

Recommendations

6. Maintain documentation that the hiring of relatives of Eastern Suffolk BOCES officials was in compliance with internal policies.
7. Notify affected school districts when withholding refunds due to them as part of the annual reconciliation process.

Comments of Eastern Suffolk BOCES Officials

Eastern Suffolk BOCES officials disagree with recommendation number 6, and believe that they already comply with number 7.

Auditor's Note

The Board should establish documentation requirements to avoid a potential public perception of nepotism in the hiring of employees. In regard to the payment of the preschool deficit, the ultimate source of the settlement is the component school districts through reductions in reconciliation payments.

Administrative Expenditures

Each component district is responsible for a proportionate share of the costs included in the Administrative Budget, irrespective of its participation in the elective services that it may request. The Administrative Budget includes expenditures related to the District Superintendent's office, general costs of administration, expenditures of the Board, needs and assessment planning, central support for operations, and other activities as approved by the Commissioner. The audit identified certain administrative expenses that may not be reasonable or necessary and that violate Eastern Suffolk BOCES' internal policies.

General Municipal Law (GML) governs travel and expense reimbursements for local governments. Local board policies and Internal Revenue Service rules are also applicable. GML, Section 77-b, generally authorizes reimbursement of actual and necessary expenses incurred in attending a convention or conference conducted for the benefit of the municipality. The *Guide* notes that "as a general rule, a particular expense may be considered 'actual and necessary' if: (1) an expenditure was actually made; (2) the item was necessarily incurred for an authorized purpose; and (3) the expense was in an amount no greater than necessary." Section 77-c allows municipalities the option to pay meal expenses based on a per diem meal allowance schedule under certain conditions.

The *Guide* notes that the cost of meals for guests may not be paid unless "it is determined that a lunch or dinner meeting will promote a valid local government purpose...." The *Guide* notes that "the claim for reimbursement should state the names of the guests and the topics discussed" and "the board must carefully assess the appropriateness of any given expenditure of this nature to be sure that it is not frivolous and there should be a reasoned determination that the meeting will promote a valid local government purpose by discussion or negotiation of a matter related to the local government."

BOCES Policy 5211R addresses workday meal expense reimbursement. Reimbursement should be made for meals, travel, and other daily expenses on the Expense Voucher form. Daily meals will not be reimbursed beyond \$50.00. Expense reimbursement should be filed in accordance with the following guidelines:

- 1) BOCES employees can be reimbursed for their meal expenses during normal hours of employment under the following circumstances:
 - a. When attending or participating in a regularly scheduled meeting of an organization held for school business purposes.
 - b. When, as part of an interview process, a BOCES employee will be reimbursed for both the employee's and the candidate's meal with prior approval from the Executive Officer or his/her designee, based on circumstances.
 - c. When having a meal with a person other than an employee of Eastern Suffolk BOCES when the meal is for the purpose of having a meeting at which eating is an incidental part.
 - d. When required to be away from home during dinner hour or when otherwise directed to attend a BOCES related meeting or function, between the end of a normal workday and the start of a meeting when there is insufficient time to permit travel to and from their home, with prior approval of the Executive Officer or his/her designee.

- 2) BOCES employees will not be reimbursed for expenses under the following circumstances:
 - a. When electing to work beyond normal business hours or electing to remain at their assigned work stations prior to a designated meeting time when sufficient time exists for the employee to take meals at home.
 - b. When entertaining a visitor or guest.
 - c. For persons who are entitled to claim reimbursement through their own organization, employment, or consultation agreement.
 - d. When meals are held primarily for social purposes such as retirement dinners.
 - e. When staff members purchase alcoholic beverages, which are not part of approved meal expenses, defined in Section 1 above.

Meal Expenses of Non-BOCES Staff

The audit identified several examples where Eastern Suffolk BOCES paid for meals and airfare of non-BOCES employees. This violates Eastern Suffolk BOCES policy 2c because these individuals would clearly be entitled to claim reimbursement

through their own organization, employment, or consultation agreement. Some of the instances identified were:

- Check # 99493. The former District Superintendent was reimbursed \$1,193 for a dinner meeting in Buffalo for 20 people, only 8 of whom were Eastern Suffolk BOCES employees, and \$76 for a dinner meeting with a Department employee and the Eastern Suffolk BOCES Board President.
- Check # 109837. Payment included \$428 for an airline ticket for a component's superintendent. No direct reimbursement was requested. Reimbursement would be made through the administrative charge to the district.
- Check # 100734. Cold buffet for a State Senator and the Eastport and South Manor Boards. Twenty people attended. The amount of the charge was \$126.
- Check # 97174. Lunch for Eastern Suffolk BOCES, Nassau BOCES, and Peoplesoft staff for accounting, payroll and personnel demonstration. No explanation why lunch was necessary. The amount of the charge was \$117.
- Check # 107739. Administrator's lunches in Albany (\$84 and \$66) for component school districts. Dinner meeting in Medford, NY with an administrator and a non-BOCES employee for \$91.

These reimbursements seem to be contrary to Eastern Suffolk BOCES' internal policies, as well as a portion of \$2,031 which may be in meals unnecessary.

Meals for Various Meetings

The audit identified instances of reimbursement for meals in the local area. Examples of the meals are identified below.

- Check # 97269. \$32 lunch on 7/28/97 in Selden, NY (one of many in that location) with Board President and legislative committee chairperson. Also, \$45 local lunch with NYNEX representative.
- Check # 99493. Lunch with Board President and Teacher's Association President (\$55).
- Check # 103144. Lunch meeting in Selden with Board President (\$40).
- Check # 104228. Lunch in Selden for \$37 – no purpose or attendees.
- Check# 106420. Dinner in Riverhead for \$159 attended by administrator and Board members.

The existence of Eastern Suffolk BOCES policies, which describe the situations in which local meals can be reimbursed, is an attempt to control the practice. Failure of Eastern Suffolk BOCES to subject each instance of local meal reimbursement to the criteria established by the policies is a control weakness. There is an opportunity to reduce the administrative costs by more closely examining the practice of reimbursing staff and guests for local meals. The audit believes \$368 in lunch costs could have been avoided.

Undocumented Expenses

There were also instances noted of expenses totaling \$2,833 that were being reimbursed without adequate documentation.

- Check # 96541: No receipt for \$143 for lodging at Renaissance Mayflower in Washington, D.C.
- Check # 97806: No original receipt for \$143 for lodging in Washington, D.C.
- Check # 97690 - NSBA Housing Bureau. Eastern Suffolk BOCES paid a \$2,400 hotel room deposit for 16 people. The audit requested the remainder of the expenses for this trip, but Eastern Suffolk BOCES did not provide it.
- Check # 103144 The former District Superintendent had no original receipts for lunch meetings with the Board President and Eastern Suffolk BOCES staff (\$77) or lunch meeting with superintendents from two component districts (\$70).

There is an opportunity to improve controls over the process for approving and paying for administrative expenses. In general, receipts for meals and lodging did not usually describe who was in attendance and the purpose of the expense. This information was provided later, but should be available for review when the expense is submitted for reimbursement so it can be compared with Eastern Suffolk BOCES policy.

In addition, the audit noted the following weaknesses in controls.

- Boarding passes for airfare are not submitted with travel vouchers.
- When expenses were paid for people who are not Eastern Suffolk BOCES employees, there is no indication that these

costs were reimbursed. These expenses included meals and airfare.

Eastern Suffolk BOCES officials indicated that they have procedures for reviewing the appropriateness of expenditures, but will consider the audit recommendations.

Recommendations

8. Enforce Eastern Suffolk BOCES' policy by not paying expenses for individuals entitled to reimbursement through their own organizations.
9. Review the policy for reimbursing Eastern Suffolk BOCES staff for local meals. Do not reimburse local meals unless necessary, as defined by the Guide.
10. Develop a procedure calling for the review of invoices for compliance with Eastern Suffolk BOCES' policy regarding local meals.
11. Instruct business office staff not to process travel vouchers without sufficient documentation.

Comments of Eastern Suffolk BOCES Officials

Eastern Suffolk BOCES officials indicated they will consider the recommendations.

Opportunities to Improve Management Processes

Management is responsible for establishing effective management processes or controls. In its broadest context, management controls include the plan of the organization, methods, and procedures adopted by management to ensure that its goals are met. These processes include such areas as planning, organizing, directing, and controlling program operations. They include systems for measuring, reporting, and monitoring program performance. The audit reviewed several processes that it determined significant to the audit objectives and found several opportunities for improvements. These areas include bank reconciliations, vehicle mileage logs, accounting for year-end encumbrances, appropriateness of certain expenditures, and confirming purchase orders.

Bank Reconciliations

The Guide, Volume 2, Subsection 11.0101, states that effective internal control systems are designed to assure management that all resources entrusted to their care are used in accordance with all laws, regulations, policies, and sound business practices, where applicable. In addition, all resources should be safeguarded against waste, loss, and misuse.

An effective internal control system can be composed of several elements: safeguarding assets, segregating duties, establishing written procedures, and employing supervisory controls over operations. Safeguarding assets is important to prevent the loss or misuse of assets. Segregating duties restricts one employee from having too much control over a particular process. Too much control increases the risk of loss for that area. Supervisory controls are necessary to ensure that processes are monitored effectively. These are just some of the elements of an effective system of internal controls.

The clerks who prepare the bank reconciliations also process cash receipts, billings, and bank deposits. We also determined that the chief accountant and the treasurer review the bank reconciliations, but also have cash responsibilities. The chief accountant prepares accounting entries and the treasurer works with accounts payable. Neither the preparers nor the reviewers of the bank reconciliations are independent of the cash function.

The cash account is exposed to increased risk because management does not require independent bank reconciliations. There is a risk that cash shortages could be covered by a reconciling item and never detected.

Vehicle Mileage Logs

Adequate internal controls over assets should include a system to track the locations and use of assets to ensure they are used for only authorized purposes. Vehicle mileage logs that require beginning and ending odometer readings and destination help ensure that vehicles are only used for authorized trips and also help schedule periodic maintenance. The mileage logs can also be used to monitor fuel usage.

Questions and Answers on Chapter 295 of the Laws of 1993, as amended - BOCES Reform Act, Compensation of District Superintendents of Schools, Question 13 addresses the personal use of a vehicle as it pertains to the DS Salary Cap.

Q. What arrangements can a BOCES make to reimburse a DS for the use of an automobile on official business without having such payments included in total salary?

A. A BOCES is authorized to allow a DS to use a BOCES owned or leased vehicle in lieu of paying mileage for travel expenses, provided that under the 1997 amendments any amount expended by the BOCES for the personal use of such automobile must be included in total salary for purposes of the salary cap. Reimbursement of the BOCES by the DS for personal use of a BOCES vehicle at the IRS rate would fulfill this requirement, provided that documentation of personal mileage is maintained.

Eastern Suffolk BOCES did not maintain a mileage log for the District Superintendent's vehicle in 1997-98. The District Superintendent was not subject to the salary cap, but subsequent District Superintendents will be.

Eastern Suffolk BOCES cannot document the official use of the District Superintendent's vehicle without a mileage log. Any personal use would be considered reportable wages and considered to be salary for salary cap purposes. Without documenting the personal use of the vehicle, there can be no assurance that the salary will be below the cap in the future.

Accounting for Year-End Encumbrances

According to the "Uniform System of Accounts for BOCES" issued by the Office of the State Comptroller:

"Encumbrances not liquidated which represent materials which have not been delivered or services which have not been performed will be closed to account A431 School Districts. At the beginning of the new fiscal year, the above entry will be reversed and the encumbrances re-established. Appropriations for the new year will be increased by the amounts of the encumbrances carried over. Those which represent materials which have been delivered or services which have been performed but the claims have not been paid, should be closed and the liability established by recording the 'Accounts Payable' and charging 'Expenditures'."

Eastern Suffolk BOCES improperly expenses year-end encumbrances. Eastern Suffolk BOCES officials stated they do not have any year-end encumbrances; they just expense the purchase with the description "Expend W Fund." The total of these transactions was \$5,679,365 for 1997-98. This does not comply with proper governmental accounting procedures and overstates expenses for the current year. The year-end expensing essentially accelerates the payment of BOCES aid from the later year into the current year.

Equipment Inventory

The Guide, Volume 1, Subsection 3.2010, states that it is important to maintain adequate fixed asset records to meet the requirements of Generally Accepted Accounting Principles (GAAP), and as a valuable tool for controlling fixed assets and planning replacements. The Guide, Volume 2, Subsection 2, 11.0101, states that effective internal control systems are designed to ensure management that all resources entrusted to their care are used in accordance with all laws, regulations, policies, and sound business practices, where applicable. In addition, all resources should be safeguarded against waste, loss, and misuse.

Education Law, Section 1950(18), states that "on or before January 1, 1997, each BOCES shall develop and adopt a formal policy on personal property accountability." This shall include procedures for periodic inventory of personal property. Adequate internal controls include maintaining accurate

accounting and inventory records, and performing periodic comprehensive physical inventories of assets.

On January 31, 1997, the Department's Bureau of School District Organization (BSDO) approved Eastern Suffolk BOCES procedures for personal property accountability. In the section titled "Perpetual Inventory," Section 3. Eastern Suffolk BOCES officials state, "A physical inventory shall mean determining the actual existence, and condition, of real and personal property in the records by visually examining the property in question. For personal property with a resale unit value of more than \$500, a physical inventory shall be conducted at least annually. For all other property, a physical inventory shall be conducted at least once every two years."

On June 30, 1998, Eastern Suffolk BOCES approved internal Regulation 4430R for Inventories, stating that "Inventories will be maintained on a continuous basis for all equipment and/or furniture with a value of \$250 and a useful life of more than one year...In May of each year, a computerized printout will be made and distributed to each office and/or building for verification. It is the responsibility of each administrator to coordinate the distribution and collection of the verification report and forward it in accordance with the instructions received."

Eastern Suffolk BOCES' inventory policy contains two fundamental weaknesses. The first is that responsibility for the verification of the personal property is placed in the hands of the person with custody of the asset. The inventory control process would be strengthened if there was an independent verification of the personal property inventory. This could be accomplished by having someone independent of the custody of the assets do the verification. The inventory could be verified in its entirety or on a sample basis. The second weakness is that the inventory system is not designed to account for assets located at district sites. Since the equipment is Eastern Suffolk BOCES property, these items should also be properly controlled.

The audit examined a small sample of computer purchases from administration and found that the items were appropriately added to the inventory. However, the inventory record did not include the room numbers for the new equipment. This will make subsequent inventory verifications

very time consuming. The audit noted that the inventory record included room numbers for older equipment.

If inventories are performed annually by building administrators, those sites should be independently checked on a periodic basis to assure that the inventory listings returned by the building administrators are accurate. In addition, Eastern Suffolk BOCES property located at district sites should be included in the inventory record. Otherwise, the equipment is at risk of theft or misuse.

Certain Expenses Not Reasonable or Necessary

The Guide, Subsection 8.1025, addresses the reimbursement of expenses. As a general rule, a particular expense may be considered "actual and necessary" if:

- 1) an expenditure was actually made;
- 2) the item was necessarily incurred for an authorized purpose; and
- 3) the expense was in an amount no greater than necessary.

The Office of the State Comptroller's (OSC) Bulletin G-153 addresses Longevity Awards. OSC will approve expenses for awards in connection with Longevity Award programs for employees with 25 years or more of State service. The maximum award allowance starts at \$35 for 25 years and ends at \$100 for 50 years.

Section 135 of the Civil Service Law prohibits employees from receiving extra compensation except for overtime payments. Accordingly, State funds may not be used to award employees anything that may be considered cash (gift certificates, savings bonds, and anything of a similar nature). In addition, a lunch or dinner expense will be allowed for honored employees, their spouses and appropriate agency officials. For Long Island, the maximum is \$20 for lunch and \$30 for dinner.

Judicial Decisions of the Commissioner (June 30, 1992, page 410) cites Article 8, Section 1 of the New York State Constitution School, which prohibits school districts from making gifts of public monies. A charitable contribution was made in memory of the parent of a school district employee. Such condolences are appropriately made from personal funds of school district employees if they so desire.

The audit observed a number of instances of unnecessary and/or unreasonable expenses identified below.

- 34 museum mounted color prints of people, places and events related to Suffolk County for the Sherwood facility. The total amount was \$12,350 (part of a purchase order of \$32,300). The amount paid for these items appears to be greater than necessary.
- A payment of \$149,900 for LAN support and technical support services. Since Eastern Suffolk BOCES is also a Regional Information Center (RIC), the audit questions whether the RIC staff could have provided these services directly. Annual expenses to this vendor were \$1,077,861.
- A payment of \$6,000 for consulting services to complete the Peoplesoft proposal evaluation process. Annual expenses to this consultant were \$65,450. The audit questions why Eastern Suffolk BOCES staff were not able to evaluate the process themselves.

In addition, the audit also noted the following personal expenses of employees, Board members and students that were paid by Eastern Suffolk BOCES.

- Village Florist - Purchase of flowers for illness and sympathy. The cost was \$111. This expense should be made from personal funds of employees.
- Payment for two Board members to attend a Lion's Club dance honoring another Board member. The cost was \$110.
- Attendance of two Board members at an annual luncheon at the Smithtown Sheraton at a cost of \$80. These are personal expenses of Board members.
- Eastern Suffolk BOCES HB Ward Vocational Industrial Clubs of America (VICA) – Reimbursement for student registration for NYS Skills Conference. The sample amount was \$1,220. The annual payment to the VICA was \$14,306. VICA, VATEA grant funds, or students should pay these expenses for themselves.

Eastern Suffolk BOCES' expenditures are increased due to the questioned, personal, and undocumented expenditures. Eastern Suffolk BOCES officials should review policies related to reimbursement of the expenses cited above in order to establish the appropriate control environment for a public organization. The expenses related to student attendance at the Skills Conference should not be funded by the General Fund. The

costs associated with the conference should be paid from VATEA grants, student contributions, or fund raising.

Eastern Suffolk BOCES officials indicated that they will review the business offices practices identified in the report.

Recommendations

12. Review business office staff responsibilities and reassign as needed to separate the cash handling functions from the accounting functions.
13. Require the maintenance of mileage logs for all Eastern Suffolk BOCES vehicles.
14. Account for year-end encumbrances as required by the OSC Uniform System of Accounts for BOCES. Do not process an expense until the goods or services are received.
15. Amend the Eastern Suffolk BOCES policy to require the physical inventory of equipment by an individual independent of the custody of the equipment.
16. Include Eastern Suffolk BOCES equipment located at school districts in the inventory of equipment.
17. Develop a policy that defines allowable expenses.

Comments of Eastern Suffolk BOCES Officials

Eastern Suffolk BOCES officials indicated that they will consider recommendation number 12 and agree with recommendations 13, 15, and 16. They do not agree with recommendations 14 and 17.

Auditor's Note

Eastern Suffolk BOCES is out of compliance with accounting for year-end encumbrances.

Eastern Suffolk BOCES
Employment Preparation Education Program
Schedule of Audit Findings
1997-98

	Total
Contact hours reported per SA-160.1 and .2	369,928
Intake Assessment	(24,276)
GRASP	(15,941)
TABE	(12,041)
Other adjustments/unsupported hours	(638)
Total questioned hours	(52,896)
Total contact hours eligible for aid	317,032
EPE revenue per audit (contact hours x \$4.13)	\$1,309,342

Calculation of amount disallowed:

EPE revenue	\$1,527,802
EPE revenue per audit	(1,309,342)
Questioned EPE revenue (52,896 x \$4.13)	\$218,460

*EPE Rate Reports are the name of the reports generated by Eastern Suffolk BOCES to provide support for contact hours claimed. The initial reports were those provided during audit field work. The revised reports were provided in conjunction with Eastern Suffolk BOCES' response to the Preliminary Audit Findings Report. The reports show total contact hours by district, by student, by class. There is a separate report for both the first half and the second half of the school year.

Contributors to the Report
Eastern Suffolk BOCES

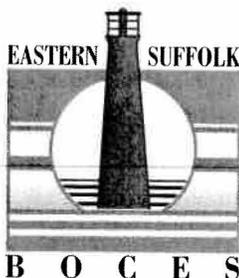
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DR. DAVID E. GEE
Interim District Superintendent

November 2, 2001

RECEIVED

NOV 13 2001

OFFICE OF
AUDIT SERVICES

Mr. Daniel Tworek, Director
Office of Audit Services
Room 524 EB
The State Education Department
The University of the State of New York
Albany, New York 12234

Dear Mr. Tworek:

Enclosed is the Eastern Suffolk BOCES response to the draft audit report (BOC-0499-8) that you forwarded to my attention on September 28, 2001. The audit involved the period July 1, 1997 through June 30, 1998.

We appreciate the opportunity to provide you with our comments regarding your findings. We also appreciate your willingness to consider our comments prior to preparing the final report. We understand that these comments will also be appended to the final audit report.

You will note that we have chosen to comment on every one of your findings. We trust that you will consider our comments prior to finalizing the report.

Thank you for your attention to this response.

Sincerely,

A handwritten signature in cursive script that reads "David E. Gee".

Dr. David E. Gee
Interim District Superintendent

DEG:GDB:mm
Enclosure

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EMPLOYMENT PREPARATION EDUCATION (EPE) PROGRAM

Intake Assessment Hours

The four findings that focus on the EPE Program, including this one, betray a fundamental lack of understanding of the Program, and are premised upon basic misunderstandings as to what the Program standards are. Overall, this is a program with very few promulgated regulations, and limited guidance from SED. Part 168 of the Commissioner's Regulations contains five subsections, and covers the program only in the most general sense. The "Guidelines and Procedures for Generating and Expending Employment Preparation Education Funding in 1995-96" ("Guidelines") forwarded under cover of the October 1995 Memorandum referred to by the auditor, is the only additional guidance districts have had from SED, and is the only additional source of standards to be applied to the Program.

Within this framework, BOCES has developed procedures that are entirely consistent with SED guidelines and regulations. In areas where there are no guidelines, BOCES has created procedures designed to achieve the goals of EPE in a reasonable, responsible manner. In every instance in which our procedures have been reviewed by SED personnel, either during periods of technical training by SED or through inquiries we have made to SED, they have met with approval and, in most instances, high praise.

In this finding, the auditor takes exception to the twelve-hour charge for intake and testing of EPE students. However, the auditor was unable to cite to any authority for setting a particular limit on the number of hours the intake/assessment process should take because there is none. The finding concedes that the only applicable standards here are two very general ones, one of which is mischaracterized in the finding. While the Guidelines mention generally that contact hours must be documented, no specifics as to the means of documentation have ever been required, nor are there any specific forms of documentation required. While the current computer program being utilized is far from perfect, BOCES personnel have been advised by SED not to purchase a new one because SED indicates it is developing one that will be coming out soon. However, to date no program has been made available.

The second standard mentioned is that for EPE eligibility to apply, "program activities [must be] conducted by a teacher." What this statement leaves out is the definition of "teacher" set forth in the Guidelines and based upon §157.1 (b) of the Commissioner's Regulations. The definition of teacher is one who holds "a valid New York State teaching certificate, an adult education certificate, or an evening vocational certificate." Thus, services provided by a vocational counselor are covered under this definition. Such services play a large role in EPE, given the very nature of the program as aimed at employment preparation.

From a practical point of view, this finding is suspect because, not only have no specific guidelines been cited as a basis for the objections being raised, but also no understanding of the program and processes themselves was incorporated into the analysis. This led the auditor to compare the intake/assessment process for this program to that used for entrance to the Jail program. Students entering the Jail program already have had significant assessments performed of various sorts. A great deal of information about the student would have been generated through other means, such as a sentencing report, and other detailed intake reports. However, EPE students are unknown when they enter by program. Many have many barriers to overcome just to get to the intake, including language, childcare, transportation, mental handicaps, etc. They come to the program from many different sources, such as VESID, Social Services, Phoenix House, etc.

The intake/assessment procedure itself involves both numerous steps, as well as the involvement of several people. The process includes the initial assessment meeting, completion of the intake forms, ESL assessment and/or scheduling for the Test for Adult Basic Education (TABE) where appropriate. The intake forms include student health records, employability forms, registration forms, etc. Students referred through various funding sources have additional requirements. For example, Welfare-To-Work clients must have eight different forms in their file as directed by the New York State Department of Labor representatives who audited our program. In addition, an employability plan must be developed using components of the Career Counseling Curriculum, developed by SED. To accomplish all of these tasks, the following personnel are involved: in-person counselor contact, secretary to set up appointments, etc., teacher assessment time, phone counselor contact, and placement counsel time.

For all of the above, BOCES charges twelve contact hours. This figure was arrived at through research and comparison with similar programs. In reality, in most instances, more than twelve contact hours are spent, and if and when an appropriate computer program is created, BOCES may realize EPE aid more in keeping with the actual hours expended. At our most recent EPE rate of \$4.11 per contact hour, the twelve-hour charge for the entire intake process comes to approximately \$49.32. Parenthetically, it should be noted that BOCES is never certain what its EPE rate is because SED almost never provides written notice of rate changes. For example, in the audit year of 97-98, our rate changed from \$3.96 to \$4.13 without any written notification. We only learned of our new rate when the SED Finance Department called to inform us that we had undercharged the Program.

Not included in the above-detailed process is the administration and scoring of the TABE, which is required by SED for all new students entering the program. Twelve contact hours are also charged for this service, which, like the intake itself, is a multi-step process. It involves administering the test, scoring it, counseling follow-up, placement and scheduling.

Based upon the foregoing, it is clear that the conclusion drawn by the auditor in this finding that BOCES overstated intake assessment hours is entirely unfounded. There was nothing in the Guidelines that the auditor could cite as an area of noncompliance.

EMPLOYMENT PREPARATION EDUCATION (EPE) PROGRAM

GRASP and Testing Contact Hours:

BOCES takes strong exception to this finding. It is based on two erroneous premises. First, it is based upon an incorrect definition of an “actively enrolled student” in GRASP (“Giving Rural Adults a Study Program”). Second, it is based upon an inaccurate description of how TABE tests are administered and how these contact hours are charged.

The TABE testing was addressed in our response to Intake Assessment Hours. Obviously, there is more involved than simply administering the test. The auditor’s claim that only the two hours of actual testing are allowed is not supported by any authority or reference to the Guidelines. In fact, the Guidelines state that “[u]nder the Commissioner’s Regulations ‘evaluation and intake assessment (including the development of individual education and employment preparation plans)’ are included as eligible activities for the generation and expenditure of EPE funds.” Guidelines, #6. Evaluation and assessment involve much more than the two hours of taking the test. The test must then be graded, the results analyzed, a determination made if the student is appropriate for the program, the test reviewed with the student, etc.

The finding states that a student “is considered actively enrolled if the student completes and turns in homework once in a two-week period.” No citation to any authority is provided for this definition. In fact, this statement is contrary to the definition provided by SED itself in a policy paper developed in 1992 for the purpose of clarifying questions about generating EPE from non-traditional instruction programs such as GRASP. A copy is annexed as Appendix “A”. The following definition is provided:

Active enrollment is defined as a log record showing a contact within a certain period. Contacts may be in person, by phone, or by submission of completed work packets. (emphasis supplied).

This definition has been repeated during training that BOCES’ teachers have received from SED technical assistants. Our teachers have stated that training given them by Ms. Carol Bartlett, an SED technical assistant twelve to fifteen years ago, and by Ms. Sharon Conrick, also an SED technical assistant, two years ago, defined student contact as “by phone, mail, or returned packet”. A conversation with Ms. Conrick last spring, on March 20, 2000, reconfirms the propriety of our procedures. Ms. Conrick stated that in her program in WSWHE BOCES, Hudson Falls, N.Y., she charges for teacher prepared packets. Furthermore, our own survey of four additional GRASP Administrators across the state revealed that all charge for teacher-prepared packets, as opposed to student-returned packets.

In no policy paper or other communication from SED have we ever been instructed otherwise. For example, the 1994-95 EPE worksheet from SED contains the same definition of active enrollment as a log record showing a contact which "may be in person, by phone, or by submission of completed work packets". In addition, this worksheet indicates: "What determines the number of contact hours to be claimed is the number of hours which the instructor assigned to the program worked on the program up to the established maximum". *Id.* BOCES interpreted this to mean that charges in the GRASP program were determined by the number of hours instructors worked in the program, and not simply by returned packets.

More recently, in a 1997 memo from Dr. Barbara Shay, who was then the Team Leader of the non-traditional SED program called "Crossroads Café" which included home study by adult students, BOCES was instructed as follows: "To generate non-traditional EPE, the following must exist in order to meet the criteria established for non-traditional modes of instruction: an intake process, instructional intervention, a homework or home study component and a procedure for reviewing student work and progress. . . [F]or home study, teacher interaction with the student must be documented. Records must be maintained noting the time and date of telephone conversations and meetings and the issues covered". Appendix "B". In accordance with this directive, BOCES has charged for services to home study adults when student folders have been kept, records of contact maintained, and assignments given. A discussion last spring with Dr. Shay reinforced the correctness of our procedures and charges.

Finally, in a series of Technical Newsletters about non-traditional literacy programs from SED to state providers received right around the period covered by this audit, from the winter of 1996 until the fall of 1997, the same definition of active students appears. Collectively, Appendix "C". The newsletter from December-January, 1996-97 states: "In both traditional and non-traditional programs a student contact is directly with the student in question. Either you are seeing the student in a classroom, or you are preparing a packet (GRASP) or speaking with the student on the telephone . . . The newsletter from March, 1997 discusses EPE claim forms with no mention of returned packets of GRASP students, and the August/September, 1997 newsletter instructs: "When you plan your lessons, either by packet or telephone, think about the way you can involve your students in building skills in these areas." *Id.*

Thus, it is clear that whatever directives or policies have been issued by SED all support, either directly or indirectly, BOCES' procedures and charges to the EPE programs. In conversations between BOCES administrators and Mr. Mark Haskins, the field representative in SED in Albany last March, Mr. Haskins acknowledged the lack of written rules and guidelines and stated that a manual for the GRASP program was being written. We look forward to receiving the manual.

The result of the review of our GRASP program by SED following an on-site visitation by GRASP training staff in 1993 is particularly significant in the face of this finding, and it bears complete citation:

This is an outstanding GRASP program. The program handles 200+ students per month and uses 11 different libraries as delivery sites.

This GRASP has an excellent student recruitment program. They have BOCES outreach workers that carry the information out into the community; they have established a linkage with the EDP program. They also travel to their 11 libraries doing what they call their "Show and Tell" program.

As always we are most interested in any modifications initiated by programs. The BOCES II GRASP has established a link from GRASP to the BOCES career counseling program. This provides students an excellent service for determining their next step.

Suggestions: It is impossible to suggest areas for improvement. This GRASP program is successful and we were very pleased with our contact. *This program is also recommended as a model program for any new programs in the area.*

Thus, it is BOCES' belief that this program has been administered properly, and that all contact hours claimed have been appropriate.

EMPLOYMENT PREPARATION EDUCATION (EPE) PROGRAM

Contact Hours Were Overstated:

This finding notes a few instances of what it calls errors in reporting contact hours. It refers to this component as addressing “overstated” hours, yet one out of the four items in the finding was 116 unreported hours. Another one of the four was scanner and input errors, which was an item found by BOCES’ own comptroller, not the SED auditor. These are clearly matters of human error.

The remaining two items concern, not whether contact hours were actually overstated, but whether certain attendance records were kept. Nowhere does the auditor refer to any guideline or regulation or directive of any sort that requires such attendance records. This is because there is none. The finding questions the one additional contact hour charged for EPE students attending secondary vocational educational classes. This is an EPE GED-sponsored class. All staff in the EPE Program must keep accurate class rosters. Finally the finding questions the fact that the attendance records only track the number of days attended, and do not document the exact number of hours a student is present. The auditor goes on to state: “Past experience has shown that [attendance for the entire class period] is rarely the case.” BOCES knows of no basis whatsoever for making such a statement.

Based upon the analysis of the auditors, the finding questions 1256 hours. It does not appear that this calculation factors in the unreported hours, which would lower this total to 1140 hours.

EMPLOYMENT PREPARATION EDUCATION (EPE) PROGRAM

Undocumented Cost Allocations:

In this finding, the auditor concedes that “Generally Accepted Accounting Principals (sic) allow any method that produces an equitable cost distribution and is adequately documented. The documentation would be of a nature that a prudent person, familiar with functions of the organization, could determine that the methods and the underlying basis for the allocation are reasonable and consistent.”

The finding then questions the allocation of salary cost for one position, Adult Education Director, based upon a presumption about the appropriate method for allocating the salary among the programs overseen by that position. The auditor indicates that the method must be based upon the percentage of the total program expenses for which each program accounts. No authority or justification for applying this method is provided in this finding.

In fact, such a cost-based allocation is inappropriate to determine salary percentages. The expense of a particular program is not necessarily proportionate to the amount of attention and time required of the Director. During this particular year, the Adult Education Director had to spend a great deal of his time with the EPE Program because the program was facing severe space problems. The search for new space, negotiations with potential landlords, as well as some on-going disputes with a prior landlord accounted for a majority of his time, hence the large percentage of his salary charged to EPE that particular year. The auditor himself notes that EPE usually is charged almost half that amount.

Allocating the Director’s salary in this manner produces an equitable distribution in that it is an accurate representation of the actual time spent on the program, rather a rote distribution, as suggested by the auditor. Any prudent person familiar with BOCES could determine that this was a reasonable allocation during this particular year. Accordingly, there is no basis for the finding to question this point.

Finally, this finding refers to the fact that Adult Education classes are held at various centers and that no O&M was charged to EPE or the Adult Education program for the audit year. This occurred because the program was paying rent that included operations and maintenance services.

EMPLOYMENT PREPARATION EDUCATION (EPE) PROGRAM

Response to Recommendations (1-5):

BOCES will continue to document its claims according to existing Guidelines and within the constraints of the existing computer program. Should additional directions or guidelines be issued by SED, BOCES will follow them, and should new and improved software be introduced, BOCES will utilize it.

Eastern Suffolk BOCES stands ready to advise and assist the State Education Department in the development of processes, refinement of guidelines or the development of new software in order to improve the operations of programs on a Statewide basis.

COOPERATIVE SERVICES (CO-SERS)

Hiring of Consultant – Not in Compliance with Policy:

This finding is based solely upon the assumption that there are certain documentation requirements regarding BOCES Policy 5151 which simply do not exist. In the specific instance referred to, there was no deviation whatsoever from BOCES' policy regarding the hiring of relatives.

The appointment of the individual in question is included in the minutes of the Board meeting of September 16, 1997. These minutes have always been available for review by the SED auditor. The minutes reflect the consultant's assignment to the NYS Standards Curriculum & Instruction Project Development & Supervision in various component districts. This assignment clearly reflects the fact that he would not be working in the same program, service, or administrative unit as his relative, so compliance with the policy which seeks to ensure that one relative is not directly supervising another is documented in the minutes as well.

Given the distinctive surname, and his work history in the region, there can be no question that the Board was aware of the relationship. There is no additional documentation required.

BOCES' standard practice is to maintain a list of qualified individuals to serve as consultants to component school districts. BOCES will accommodate a specific request from a district for the use of a particular consultant when the person requested possesses the appropriate credentials and abilities to fulfill the particular needs of the district.

The proposal of the individual as a candidate for this contract was made by the Superintendent of the South Manor School District. Originally, the BOCES Coordinator of Staff Development had suggested a couple of other names, but the South Manor Superintendent did his own research and, based on his credentials, believed that this individual was the superior candidate. Based upon his excellent credentials, and to accommodate the district's request, he was recommended to the Board, which approved his assignment.

COOPERATIVE SERVICES (CO-SERS)

Preschool Special Education Deficit:

This draft audit finding is missing certain pertinent information from facts occurring subsequent to the audit that, if known, would have changed the audit conclusion. In particular, in the second paragraph. The scope of the settlement and the source of the funding for it are misunderstood.

The second paragraph refers to the closeout audit conducted by the County as covering only the years 1990-91, 1991-92, 1992-93. In fact the close-out audit, by definition, was intended to cover the entire period until the time the program was "closed" or terminated in June of 1997. The settlement reached covered the entire period through 6/97, including resolution of the close-out audit. The \$6.5 million figure mentioned covered seven years. Although under the statute half of the payment would eventually go to the Department from the County, the only payment made by BOCES was to the County, as the party with which it had privity of contract.

The third paragraph does not accurately describe the source of the funding for this settlement. The vast bulk of it came from payments made by the County to BOCES in settlement of the two pieces of litigation commenced on BOCES' behalf. The first piece of litigation involved the County's rejection, for a variety of unsupported technicalities, of a large mass of vouchers submitted for payment for Preschool Special Education services rendered by BOCES. BOCES prevailed in court by establishing the County's liability for these payments, and, at the Court's direction, arrived at a reasonable settlement of the amount due to BOCES as \$1,782,000. This amount was not a surplus to BOCES, but rather was payment due from the County on the preschool program. This figure was paid to the County as an offset to the \$6.5 million close-out audit settlement. Education Law §4410 (11) (c) (ii) allows for a municipality, such as Suffolk County, to recover an overpayment determined pursuant to an audit by "withholding such amount from any moneys due the provider in the current year . . ."

In addition, more than half of the \$6.5 million came from resolution of a second piece of litigation commenced by BOCES against the County, also stemming from the preschool program. At a certain point in 1998, the County began withholding payments due to BOCES under the preschool program in anticipation of what the County predicted would be the result of the close-out audit. Copies of the checks were sent to BOCES, but the actual funds were held in a County account. This withholding of funds by the County was illegal under the statute and regulations. Education Law §4410 (11) (c) (ii); 8 NYCRR §200.18 (c) (2), (3). The County had no right to withhold payments due prior to a determination that an overpayment had, in fact, been made.

A final settlement of this second litigation was reached involving the creation of an escrow fund for these payments, with the interest going to BOCES, pending resolution of the audit. When the settlement of the audit was reached, this fund contained \$3,827,910.37. Again, these were payments that the County admitted were due to BOCES for services actually rendered in the preschool program. Under Education Law §4410 (11) (c) (ii), as cited above, these moneys due to the provider could, at that point, be withheld by the County as a means of recovering the overpayment to BOCES as determined by the resolution of the audit.

Thus, given the \$5,609,910.37 recovered from the County, the amount of BOCES funds used to satisfy a court-ordered settlement of the litigation arising from the seven years of this program was approximately \$890,000. Education Law §1950 (4) (cc) allows BOCES to maintain a reserve not to exceed 3% of the annual budget to cover property loss and liability claims. The \$890,000 paid from surplus general funds was far less than 3% of the BOCES budget. Furthermore, it was payment of a liability because it was made pursuant to a court-ordered settlement of pending litigation. BOCES had no choice, but to pay it.

Additional authority for BOCES' use of surplus funds for the purpose of this settlement may be found in Opn. No. 63-271 of the State Comptroller. That opinion states that a budgetary surplus of a BOCES "may be refunded to the component school districts on a proportionate basis, or may be retained to reduce the amount to be charged against each of the component districts to finance the activities of the board during the next fiscal year." (Emphasis supplied). Thus, these funds could properly be used to finance this deficit carried forward from the preschool special education program.

COOPERATIVE SERVICES (CO-SERS)

Response to Recommendations (6-7):

BOCES will continue to abide by its policy of using every effort to recruit the finest available candidates to staff its programs, including its conditions for the hiring of relatives.

As recommended in the report, BOCES will notify all school districts of program balances as part of the annual reconciliation process.

ADMINISTRATIVE EXPENDITURES

This segment discussed meals, lodging, and airfare, all of which were legitimate expenses as discussed below *seriatim*.

Meals Expenses of Non-BOCES Staff and Meals for Various Meetings:

In regard to the meetings with the Board President, Administrators, Board Members, etc., the Comptroller has issued opinions to the effect that meal expenses are reimbursable where a luncheon meeting is scheduled at that time because it is the only time a meeting can be held before an important deadline, and municipal business is involved of an immediate nature. *See, e.g.,* 1982 Opns. St. Comp. 82-253. In such cases, it is the furtherance of the municipal business that is the main purpose of the meeting, and the food is merely incidental thereto. 1982 Opns. St. Comp. 82-153.

In addition, the Comptroller has issued a number of Opinions stating that lunch or dinner business meetings which promote a valid municipal purpose by discussion or negotiation of a matter properly of concern to the municipality are authorized. 1982 Opns. St. Comp. 81-212. Specifically, as to meals consumed by businessmen and legislators at a business luncheon, the Comptroller has held as follows:

[W]e feel that reimbursement is a matter in the sound discretion of the governing body. It is a common practice in the private sector for luncheons or dinners to be held at the expense of an individual or company for the purpose of discussing business among the participants in an informal, relaxed atmosphere. It reasonably can be assumed that, in most instances, such meals are a positive incident to the transaction of business. There is no reason why that tool should not be available to municipalities as well in order to promote municipal interests.

1981 Opns. St. Comp. 81-38.

Thus, the meals expenses cited in this section were appropriate. BOCES submits that 9 meetings during meals for one year as cited in the draft audit report is not excessive. Moreover, Policy 5211R does not address business meals of the nature described in this section of the draft Audit Report. Policy 5211R addresses only BOCES employees' meals. None of the non-BOCES individuals at these meals were "guests" or "visitors".

Furthermore, there is no basis cited in the report for the underlying assumption that unspecified attendees at these meals were entitled to reimbursement through their own organizations, employment or consultation agreement. Indeed, BOCES is unaware of any consultant agreement involved in this Audit Finding in which the consultant(s) were entitled to a meal reimbursement from BOCES.

There is one instance reported in this section of BOCES paying \$428.00 for airline tickets for a component superintendent. This expense was for the Superintendent of the Eastport School District. The BOCES was assisting Eastport in reorganization planning and data analysis during the time that this trip occurred.

ADMINISTRATIVE EXPENDITURES

Undocumented Expenses:

There are two items for lodging in Washington D.C. While no receipts are present it is verified that this was a trip made by the Associate Superintendent and the Board President to Washington for meetings with legislators and to attend the signing of the IDEA. There's no question that the trip was made and this is the amount charged.

Another item concerns a \$2,400 hotel room deposit for 16 people with the New York State School Boards Association Housing Bureau. These 16 rooms were booked by Eastern Suffolk BOCES and most rooms were occupied by BOCES board members and employees. One or two rooms were occupied by other than BOCES employees when board members cancelled. Any rooms not occupied by BOCES board members or employees were paid for in full, including the deposit by those non-BOCES board members or employees that utilized the room.

ADMINISTRATIVE EXPENDITURES

Response to Recommendations (8-11):

BOCES has a set of procedures for the review of expenses that has been refined over the years with the input of staff, administration, and auditors. We will consider your recommendations and continue to identify opportunities to improve our procedures.

OPPORTUNITIES TO IMPROVE MANAGEMENT PROCESSES

Bank Reconciliations:

Any proper response to this finding must take into consideration the magnitude of financial transactions for our agency. The business function of Eastern Suffolk BOCES is not controlled by a single employee working in an autonomous capacity. Rather, the accounts receivable clerks involved with preparing the bank reconciliation are three in number, the purchasing department is comprised of eleven staff members and there are eleven people in accounts payable, as well as a chief accountant, an internal auditor, a business manager, an Assistant Superintendent for Business Affairs, and a Comptroller. The various business tasks are segregated, responsibilities separated, internal controls in place and supervision required.

During the time period audited, there was and there still is a separation of duties between the cash function and preparing the related bank reconciliations. One account clerk opens the mail and logs in all checks received and in so doing records such information as sender, date, and the amount received. After checks are recorded, they are then given to the accounts receivable supervisor who assigns account codes and verifies the payments received against open billings. Checks are then given to another account clerk who prepares bank deposits and treasurer's receipts. The treasurer verifies deposit slips returned from the bank to the daily logbook entries. Bank reconciliations are comprised of cash receipts and cash disbursements. The individuals that are responsible for a given bank reconciliation are independent of the cash disbursement process for that fund.

In addition, aside from the chief accountant and treasurer, the Assistant Superintendent for Business Affairs (or as was the case during the audit period, the Executive Director for Business) has always reviewed all bank reconciliations as a final control. As necessary, the School Finance Manager also participates in this review process. Upon the completion of this final review, the Treasurer/Deputy signs the reconciliations and returns them to the business office to be included on the agenda for the required action at that month's business meeting of the Board of Education. These procedures were approved by the agency's independent auditor.

OPPORTUNITIES TO IMPROVE MANAGEMENT PROCESSES

Vehicle Mileage Logs:

This finding raises an issue concerning the maintenance of a mileage log for a vehicle utilized by the District Superintendent, a requirement that arose following the imposition of a salary cap upon District Superintendents in the BOCES Reform Act of 1993 ("Act").

As conceded in the preliminary audit report, the individual who was the District Superintendent during the 1997-98 school year was not subject to the salary cap. This is clearly the case because §13 of the Act specifically provides that:

[T]he limits on salary and compensation of district superintendents imposed by section two of this act shall only apply to all superintendents appointed or reappointed after the date on which this act shall have been approved, and to all contracts and other agreements entered into, extended or amended on or after the date on which this act shall have become a law, and nothing herein shall impair or reduce the ability of a district superintendent to be compensated pursuant to a contract or agreement entered into prior to the effective date of this act.

For those District Superintendents subject to the compensation limits, the applicable restriction is found at Education Law §1950 (4) (a) (2) which provides, in pertinent part, as follows:

Any payments for transportation or travel expenses in excess of actual, documented expenses incurred in the performance of duties for the board of cooperative educational services or the state, and any other lump sum payment not specifically excluded from total salary pursuant to this subparagraph, shall be included in the total salary of the district superintendent for purposes of this subparagraph.

Thus, there was no SED requirement that a mileage log be maintained for the then-current District Superintendent. Furthermore, the subsequent District Superintendent's contract was reviewed by SED, which specifically certified that the contract is consistent with the above-cited statutory provision, Education Law §1950 (4) (a).

A procedure currently exists as follows:

1. The DS maintains a daily mileage log, as do staff members whose employment contract provides for the use of a vehicle as a taxable benefit. Each year, during the period October-November, the business office sends a form, *Determination of Value of Annual Vehicle*, to all such staff members. The form requires the submittal of the number of miles driven for the previous twelve-month period to include, as a separate entry, the number of those miles that represent personal/commutation use.
2. From the information provided, a taxable value is then calculated which is forwarded to the payroll department to be included as part of the employee's W-2 earnings statement for that calendar year.

As background information, the contract of the subsequent DS was developed through the agency's office of general legal counsel. As set forth below, prior to its finalization, the DS's contract was submitted to the State Education Department's Office of Special Legislative Counsel for review and approval. This approach was used so as to identify those benefit areas subject to salary cap limitations and to ensure that those benefits contained within the original contract did not compromise the integrity of the salary cap.

On an annual basis, in preparation for the issuance of W-2 earnings statements, a review effort will be coordinated by the business office in conjunction with the agency's legal counsel and personnel offices, to determine the current value of those contractual benefits contained within the DS's contract applicable to the salary cap. A determination will then be made as to whether the salary cap limitation has been exceeded with the DS being informed accordingly in writing. Any salary adjustment required in a given year due to an amount exceeding the salary cap will be made as the result of a coordinated effort working with the DS.

This same procedure will be used at the time of separation from the agency by a DS.

OPPORTUNITIES TO IMPROVE MANAGEMENT PROCESSES

Accounting For Year-End Encumbrances:

The Uniform System of Accounts promulgated by the State Comptroller suggests that year-end encumbrances be closed in a similar manner to that employed by other municipalities. Since the financial activities of a BOCES are vastly different from any other municipality it follows that there should be differences in our accounting requirements.

Fund balance is common to municipalities. However, a BOCES, which has no taxing authority, cannot maintain a fund balance. In fact, the focus of accounting for a BOCES is to properly reflect program revenue and expenditures with resultant net revenues/expenditures being due to/from participant districts. No fund balance is maintained. In accordance with Generally Accepted Accounting Principles and as required by the Uniform System of Accounts, a reserve for encumbrances is fund balance. Albeit a reservation of fund balance, this account is a component of fund balance and, therefore, inappropriate for a BOCES.

BOCES operations are unique among other municipalities, particularly school districts. Many BOCES programs operate year-round, providing unique programs to a wide range of populations. As such, our purchasing cycle can differ drastically from other municipalities. Shared service agreements (contracts for service) are completed in the spring for service programs to be initiated in the upcoming school year. These agreements are used to define upcoming enrollments and, thereby, determine specific ordering requirements. Orders are placed as soon as possible to hasten delivery of goods.

A major point of consideration is that of applying the appropriate accounting for the specifics of the individual transaction. Since our BOCES begins each year with a full complement of supplies and equipment, any orders placed for the ensuing year's programs are considered to be costs attributable to the operation of the current year. With this understanding as the basis for the timing of the transaction, it is necessary to treat these liabilities as accounts payables. In this manner, the participant District of the current year is charged the full cost of program participation. Any change to this accounting procedure would necessarily result in a detrimental effect to future program participation districts and provide a current participating district with unrealistically low cost. Any proposed change to the current accounting procedures would result in a significant loss of BOCES aid to Districts that currently participate in shared service programs. Conversely, Districts participating a year subsequent to such a proposed change would artificially benefit by the receipt of additional BOCES aid.

OPPORTUNITIES TO IMPROVE MANAGEMENT PROCESSES

Equipment Inventory:

In 1994 BOCES I and BOCES II were merged to form Eastern Suffolk BOCES. Within months of the merger, Eastern Suffolk BOCES determined to inventory and to bar code the hundreds of thousands pieces of equipment owned by the newly formed Eastern Suffolk BOCES. That inventory was accomplished by Industrial Appraisal. It is BOCES' current practice to bar code each and every piece of equipment and/or furniture valued in excess of \$250.

Thereafter, the legislature adopted Subdivision 18 of §1950 of the Education Law and SED promulgated resolutions at 8 NYCRR §170.3(i). The statute and regulation required that each BOCES develop and adopt a formal policy on personal property accountability on or before January 1, 1997 and to submit such policy to the Commissioner for approval, in accordance with the statute and regulations.

Eastern Suffolk BOCES timely adopted such a policy by amending §4430 of its policy manual. The State Education Department approved that policy without comment. At the time the policy was approved, SED apparently did not find the inventory policy to contain any fundamental weaknesses as posited in the preliminary audit. It should be further noted that neither §1950 (18) nor 8 NYCRR §170.3 (i) prohibits verification of the personal property by the person in custody of the asset.

Although the technical capability existed to carry out such a process, there was no one in an authoritative administrative capacity assigned to coordinate such an effort. During the 1999-2000 school year, however, a separate budget cost center was established, Capital Asset Management. This budget area is under the direct administrative supervision of the Assistant Superintendent for Business Affairs and is staffed by two individuals who have the responsibility to track and monitor the capital assets inventory of the agency.

As the result of a contract award made in June 2000 in response to a Request for Proposals, the agency has commissioned the firm of Valuation Resource Management, Inc. (VRM) to assist in the development of a capital asset management program. VRM will be working with a committee having agency-wide representations that will be chaired by the Assistant Superintendent for Business Affairs to design a capital asset management control program as follows:

1. Develop procedures, controls, administrative regulations and, where necessary, recommendations to modify existing Board policy relative to the inventorying and tracking of all agency capital assets. These procedures will be implemented as the result of in-service workshops conducted with key administrators and staff members having agency-wide responsibilities.

2. With these controls in place, VRM will then conduct a physical inventory of the agency's capital assets as defined, for the most part, by the guidelines of the State Comptroller's Office. As a new master inventory file is being created, the acquisition, transfer and deletion of the agency's capital assets will be tracked daily using the methodology developed within step #1 outlined above. The master inventory file will be updated periodically during the year using the services of VRM until the agency's PeopleSoft fixed asset module is implemented, which is targeted for the first half of the 2001-2002 school year.

OPPORTUNITIES TO IMPROVE MANAGEMENT PROCESSES

Certain Expenses Were Not Reasonable Or Necessary:

This draft audit finding opined that certain expenses were not made in accordance with the *Guide* and opinions and bulletins of the Office of the State Comptroller. As set forth below, the use of the *Guide* and in the OSC bulletin was inapplicable in some of the instances cited. Further, each of the expenses was appropriate.

The amount paid for the professional services involved in purchase of museum-mounted prints was appropriate for this type of artwork. This cost was not simply the purchase of pictures for hanging on the wall; it included the services of a local photographer as well as the expertise of a professional printing laboratory. These prints included outdoor scenes of people, places and events relating to life in Suffolk County. Our facilities are public buildings, which should represent the diverse culture of our component districts.

Computer support services are at times very specialized, requiring high-level technical expertise. In some cases we have found it to be much more cost effective and efficient to contract services to a vendor. In addition, we have had difficulty-recruiting staff with the type of expertise necessary. Our needs cannot always be meet with the hiring of one individual or filling one position, we potentially would have to hire several part-time individuals to provide the required services. Unfortunately, with the current job market and economy it is difficult to fill these types of part-time positions, where it would be cost effective to the districts.

With regard to hiring a consultant to facilitate a complex software review process “The audit questioned why Eastern Suffolk BOCES staff were not able to evaluate the process themselves.” Eastern Suffolk BOCES was working jointly with Nassau BOCES to search for and select comprehensive management information software. Software selection requires expertise and the selection of the wrong software can be extremely costly in both time and money. With this in mind, a consultant was used to supply the necessary expertise and to coordinate the joint effort. In addition, Nassau BOCES reimbursed 50% of the consultant costs.

The report notes that a portion of the annual VICA amount may consist of student reimbursement for registration at a NYS Skills Conference, and states that those amounts should be paid for by VICA or the students.

Part 141 of the SED regulations covers Occupational Education. Eight NYCRR §141.4 is entitled “Programs and services” and lists the authorized forms of training and instruction of this sort. One such program mandated by the regulation is as follows:

(g) Activities of occupational education youth organizations within the several instructional categories, when organized, shall complement instruction and be supervised by occupational education personnel.

(emphasis supplied). This activity is required as a complement to instruction, and, as such, comprises part of the occupational education curriculum.

The report questions the payment for two Board members to attend functions at Lion's Club, and for a Martin Luther King Jr., luncheon which were in honor of another Board member, stating that these are personal expenses.

There are a number of Comptroller's Opinions on the subject of whether a municipality or a board of education may sponsor a dinner to honor board members. Examples of dinners approved by the Comptroller are: (1) Town Board may hold an annual dinner for unsalaried members of various boards where only the meals of the members of the boards will be paid for as a token of appreciation for services rendered (1980 Opns. St. Comp. 80-282); (2) Village Board may do the same (1981 Opns. St. Comp. 80-775); (3) A public library may sponsor a recognition dinner for volunteer library workers, but not for senior citizens in the community (1990 Opns. St. Comp. 90-63); (4) A school board may hold a dinner for retiring board members, but may only pay for the meals of the honorees. (1983 Opns. St. Comp. 83-57).

The principle upon which these Opinions were based was that dinners which served as a token of appreciation for service were in the public interest in that they encouraged public spirited citizens to serve on such boards. While these events are not exactly analogous to the cited dinners, they also serve a public purpose, including one peculiar to BOCES. In addition to being tokens of appreciation for service, these events also serve the special BOCES goal and policy of maintaining close and open community relations as set forth in BOCES Policy 2110, and as specifically set forth as one of BOCES' long-range goals at Policy 1160. Some of those goals are:

(c) BOCES shall maintain and further develop internal and external communication and information systems to encourage cooperative efforts and to demonstrate accountability with districts, other agencies, and community groups.

...

(f) BOCES shall promote the continued involvement of business, industry, community groups and post-secondary institutions.

Attendance of BOCES Board members at functions sponsored by an important community group serves a public purpose. The personal benefit of a couple of Board members attending such functions is clearly incidental to the public benefit of nurturing the agency's relationship with the community.

OPPORTUNITIES TO IMPROVE MANAGEMENT PROCESSES

Response to Recommendations (12-17):

It is our practice to continually review business office practices and related policies on an on-going basis. We will consider your recommendations as part of this process.

- It is our general practice to continuously review our cash management procedures to ensure that independent persons perform bank reconciliations. In addition, we have a Department of Internal Audit under the direction of a Comptroller to ensure proper practices. Lastly, our independent auditors, Miller, Lilly & Pearce, LLP, are well-known specialists in school district auditing, whose annual examinations include reviews of our internal controls in many functional areas including cash management.
- BOCES will continue to require mileage logs for all BOCES vehicles.
- Procedures will be developed to conduct a random physical sampling of fixed asset inventories at various facilities during the course of each school year. As a supplement to this process, inventories will also be performed annually by building administrators using master lists provided via the capital asset management system.
- Since the 1998-99 school year it has been standard procedure for computer equipment items received on behalf of component or other school districts, but owned by the BOCES, to be tagged and added to the agency's fixed asset master file.

BOARD OF COOPERATIVE EDUCATIONAL SERVICES
WASHINGTON-WARREN-HAMILTON-ESSEX COUNTIES
BOX AVENUE
HUDSON FALLS, NEW YORK 12839

APPENDIX A

INSTRUCTIONAL SERVICES
H. Thomas CERR, Director

ADULT AND CONTINUING EDUCATION
Carol E. Bartlett, Coordinator

ALTERNATIVE HIGH SCHOOL
Keith C. Brown, Principal

OCCUPATIONAL EDUCATION DIVISION
Donald P. McCabe, Principal

SPECIAL EDUCATION DIVISION
Carol B. Notari, Principal

STUDENT SERVICES
Charles W. Novak, Coordinator

February 12, 1993

Enclosed please find the technical assistance report which was sent to the New York State Education Department after an on-site visitation by GRASP training staff to your GRASP program. A copy of this report is being sent to the program administrator and each teacher involved in the program at the time of the review.

I apologize most sincerely for the delay in getting this report to you. The delay is solely my fault, not that of our GRASP staff. The report got buried in a completed file after submitting to SED, and I was not aware that it had not been sent out to you. I am sorry for any anxiety or inconvenience that this may have caused you.

We are also enclosing a copy of the policy paper developed by SED and mailed to all sites in Fall 1992. This should clarify any question about generating EPE from non-traditional instructional programs. GRASP is a non-traditional program. If you need an example, the newly revised GRASP Handbook distributed at the Reunions contains further explanations; they are located in the final section.

We are proud of the GRASP program, and as staff has made field visits, have found that it is really extending opportunities to students state-wide. Keep up the good work, and please feel free to call our office if we may be of help to you in any matters concerning GRASP.

Carol E. Bartlett
Coordinator of Continuing Education
GRASP Technical Assistance Team

**GRASP Follow-up/Technical Assistance
BOCES II, Suffolk
Pat Bradshaw**

Observations: This is an outstanding GRASP program. The program handles 200+ students per month and uses 11 different libraries as delivery sites.

This GRASP has an excellent student recruitment program. They have BOCES outreach workers that carry the information out into the community; they have established a linkage with the EDP program. They also travel to their 11 libraries doing what they call their "Show and Tell" program.

As always we are most interested in any modifications initiated by programs. The BOCES II GRASP has established a link from GRASP to the BOCES career counseling program. This provides students an excellent service for determining their next step.

Suggestions: It is impossible to suggest areas for improvement. This GRASP program is successful and we were very pleased with our contact. This program is also recommended as a model program for any new programs in the area.

POLICY PAPER

TUITION AND OTHER CHARGES AND EMPLOYMENT PREPARATION EDUCATION STATE AID:

Programs using EPE funds, separate from Adult Education Act (AEA) funds, are not required to provide all services free of charge to participants. State Education Code specifically mentions tuition as one source of bridging the gap between aid and cost. Tuition might be as little as the cost of books and materials or could be as much as the difference between the cost of providing services and available aid (except for Education Act Aid: federal law does require that programs using AEA funds provide services free of charge to participants).

The Office of Continuing Education (now the Office of Workforce Preparation and Continuing Education) has always recommended that literacy and basic education programs be provided free of charge to participants because a high percentage of the population served by these programs have low incomes.

ELIGIBLE PROGRAMS:

The EPE nontraditional aid formula can be used for the following approved programs:

External High School Diploma

GED on TV

GRASP

Learn to Read - a televised beginning reading program

Annually each school district and BOCES completes an EPE application indicating which of the four programs listed above the district or BOCES intends to operate and use the EPE nontraditional formula. Requests to use the nontraditional formula for programs not listed above must be in the form of a narrative description of the program accompanied by a justification for its use. These requests should be sent to the Office of Workforce Preparation and Continuing Education. Permission to begin using the EPE nontraditional formula for any program must be secured in writing from the Office of Workforce Preparation and Continuing Education before any program can claim EPE aid.

The EPE nontraditional aid formula cannot be applied to face-to-face counseling or tutoring of students. Counseling and tutoring come under the regular EPE aid formula and are applied as a "class of one" (i.e., if a tutor or counselor provides 1 hour of service to one student, then 1 contact hour multiplied by the EPE rate per hour is the formula to be used).

APPLICATION OF FORMULA:

Certain "shortcuts" have emerged in the application of the nontraditional formula which distort the formula and may not be used. One is the simplification of the formula which says that a school district or BOCES may claim 6 hours of EPE weekly for each person actively enrolled in a nontraditional program. This is not true; what determines

number of contact hours to be claimed is the number of hours which the instructor assigned to the program works on the program up to the established maximum. The maximum is established by dividing the number of active enrollees by 2. If the number of active enrollees is 50, then the maximum number of instructor hours is 25. Twelve contact hours may be claimed for each hour that the instructor actually works on the program up to the established maximum). If the instructor works only 15 hours on the program, 12 contact hours may be claimed for each of those 15 hours and no more.

To summarize: The active enrollment divided by 2 sets a limit on the number of instructional hours for the program, and the number of contact hours to be claimed is determined by the number of instructor hours actually provided in any week on behalf of the program—up to the limit established. Please note: The instructor must be a teacher, certified in adult education or elementary or secondary education employed in a particular program by the agency claiming EPE. Volunteers or employees of other programs may be used to provide support services, but their hours may not be used in calculations for EPE.

If the instructor does provide in-person tutoring during the hours allotted for approved nontraditional programs, no additional EPE may be claimed. For example, an instructor has 30 actively enrolled students and is hired for 15 hours to serve those students, then when a student visits for a tutorial during those 15 hours no "class-of-EPE" may be claimed. However, if the teacher provided the one hour tutoring session in addition to the 15 hours devoted to the nontraditional program, then the agency may claim one additional contact hour per student for every instructional hour provided.

ACTIVE ENROLLMENT:

Active enrollment is defined as a log record showing a contact within a certain period. Contacts may be in person, by phone, or by submission of completed work packets.

For GRASP the standard contact period is 4 weeks (2 packets).

For GED on TV or Learn to Read the standard contact period is one week.

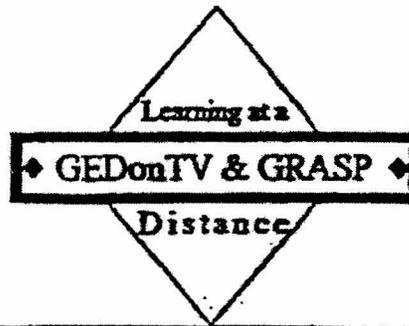
For EDP the standard contact period is one week.

For further clarification of active enrollment on any of the above-mentioned programs, contact:

GRASP
Carol Bartlett
Literacy Program
Coordinator
Washington-Warren-
Hamilton-Essex BOCES
Education Center
Dix Avenue
Hudson Falls, NY 12839
(518) 793-7721 ext. 224

EDP
Irene V. Clinton
Coordinator of
Continuing Education
Rensselaer Vocational
Technical Center
35 Industrial Park Road
Troy, NY 12180
(518) 273-2107

GED on TV/Learn to
Read
Cecily Bodnar
Greece Central
School District
P.O. Box 300
N. Greece, NY 14515
(716) 621-1000 ext. 239

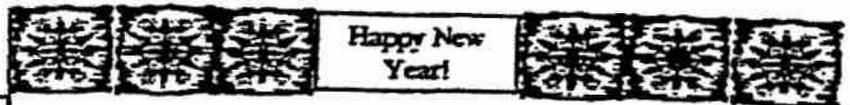


December-January, 1996-97

Volume 3, Issue 2

We need your data!!

Newsletter Report Form,
January, 1997



Please use the form on page 2 to report data to the Technical Assistance Newsletter. This information, while it should be as accurate as possible, is unofficial and will be used for public relations and NYSED information about the total program only.

Without accurate data, we cannot defend our programs from those who question their impact on Adult Education in New York.

Please indicate whether each sheet is an individual teacher report (if there is more than one teacher in your agency) or a complete program report.

We know it is inconvenient to fill out forms. However, we are working for you to protect and enhance your GRASP and GED on TV programs.

See Page 2

News of the Day

As you may know, we have 223 people on our mailing list. That is a significant number of people who are administrators, teachers, PBS or NYSED staff and others who are a part of our Non-Traditional Literacy network. It is exciting to watch the list grow. If you have staff changes, be sure to let Cecily Bodnar know. We think you are all important.

Joys of Bulk Mailing

We are now using bulk mailing which is much less expensive, but also slower. This is a combined December-January issue since many of you did not receive November's until mid December. Please let us (Continued on page 2).

In this issue

What is Distance Learning?

How to deal with teacher vacations and student absences.

Updating your procedures manuals.

Correlations of the Cambridge Comprehensive Text to the GED on TV videos.

Teaching math and writing at a distance.

Send/fax your data
to 716-396-9734

by
February 15

We want to provide the very best Technical Assistance we can to NYSED, the Public, and YOU.

So—What is Distance Learning?

Occasionally, someone will ask if it is OK to combine classroom or face-to-face tutoring with a distance learning GED program such as GRASP or GED on TV. The answer is in the definition of distance learning. *Given a set of materials and instruction in their use, the distance learning student is able to master the objectives of the course with minimal assistance by "mail" or telephone in times of confusion.* Ideally, there is no need for in-person instruction because the student's entry skills are sufficient to interpret the materials and accomplish the goals.

However, there are times when a GRASP or GED on TV student can benefit greatly from attending a single class to get immediate feedback on an area of confusion. Note the operative word "single." If a student comes in for special help on a fairly regular basis, or if the teacher is providing more than a page or two of supplemental material every third or fourth packet or program, the student is probably not benefiting from true "distance learning." When it is not possible for students to attend class regularly, it may be better for them to attend irregularly (every other week or half a class) than to struggle to learn on their own at home. GED on TV-eligible students who need a longer than normal time (one program cycle) may profit from spending some time in GRASP until the basic operations in reading, math and writing can be performed accurately and more quickly. GRASP students who are spending many packets at the same task or level may need to come to class.

Often, what interferes with success at a distance is not academic skill but self direction (See page 4, column 1)

When is a Contact not a Contact?

In both traditional and non-traditional programs a student contact is directly with the student in question. Either you are seeing the student in a classroom, or you are preparing a packet (GRASP) or speaking with the student on the telephone (GED on TV). Mother or significant other may not attend class for traditional students. They may not take telephone calls or complete packets for distance learners, either.

Another area of confusion in GED on TV is the use of a "student newsletter." It is always a good idea to use a newsletter as it breaks down the isolation of home study. However, a newsletter (See the Procedures Manual) may be used to provide and verify the required 6 hours of work each week only when

1. The PBS station calls a temporary halt to the program broadcast (Holiday, Auction, etc.) so there is no program for students to watch, or the programs are re-runs.
2. The teletutor must be absent for no more than two weeks, and no one be available to call in his/her place.

In both instances the newsletter must be written by the instructor to require six (6) hours each week of student work which can be verified by return mail or telephone call immediately after the no-broadcast or teacher-absence period. The newsletter work must be relevant to all students in the current group, or activities must be tailored specifically to subgroups of the students enrolled at that time.

For example, a newsletter with test-taking tips would count only if accompanied by a Practice Test for students at that readiness level. It would not count for less accomplished students. Another activity, such as how to (See page 4, column 2)

Program	Cambridge	Steck-Vaughn
Math 9:		
types of percent problems	488-492	571-581
Note: Here again the General Case Statement shows up. Be sure you can explain it to students.		
Math 10:		
practical appl., tax rates	493-505	571-581
interest, using percent		
Math 11		
introduce signed numbers	517-521	635, 621-4
number line; operations with signed numbers		
Math 12:		
algebra	522-26, 527-,531	621-634
graphs	527-531	639-651
Math 13:		
geometry	541-558	651-673
Math 14:		
measurement, proportion	414, 472,	607-612
surface measures	500-505	613-620
conversion ratios		

Math 15

"The James" a plan for getting "inside" math problems; translating into algebra; formulas. Note: This is a graphic representation of problem-solving. It is not touched by either book. It may be very useful to graphically organized students. Tutors should be familiar with it and able to apply it.

Errata:

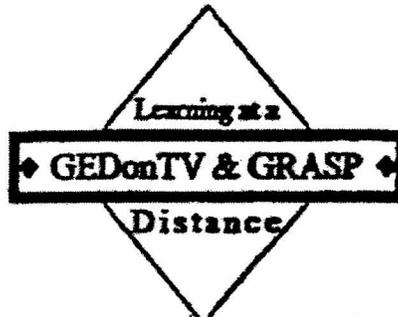
1. Chapter 2 Quiz - page 459

#3 - question says $\frac{5}{6}$; answer key says $\frac{1}{4}$

#4 - question uses the $\frac{5}{6}$ fraction; the answer uses $\frac{1}{2}$, $\frac{3}{4}$ and $\frac{1}{4}$. This probably happened because the original author wanted to use $\frac{5}{6}$ and the reviewers (of which I was one) said that problem is unnecessarily difficult. We objected to the use of "nasty" fractions when they interfered with the problem-solving process. I'd tell students to use the fractions in the answer key. (Have them write them in the book, or change it yourself, before you send the book.)

Page 828 - items 21 and 22. The graph adds up to more than 100%. This is obviously a typo. They happen often because the graphic is not placed next to the problem until the final printing—always a mistake, but very common. Use the 13% in the answer key and adjust the other percents accordingly. Again, mark the book or be sure to tell the students before they attempt the problem.

steckvaughn.com



March, 1997

Volume 3, Issue 4

Newsletter Report Form,
 January, 1997

Think
 Spring!!

One more time—then I promise to stop until the end of the EPE period. If you have not provided us with enrollment data for the first EPE period of 1996-97 (July 1 to Dec. 31), please use the form on page 2 and send the information as soon as possible.

If you have sent one report already, please update it with new student information only. We will add it to your first form. We will print available data from the first EPE period as soon as we receive the reports.

In this issue

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Formula for Success on the GED Essay, pt. 2	4
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Many, Many thanks to those who have sent their reports. Look for a report in May. The more agencies we have data about, the better our report to you.

News from the Capital

The EPE State Aid Claim Form (SA 160.1) for this year contains some important new language. Since many teachers do not see this report, here are the highlights that affect non-traditional programs.

- Line 2 of the components list now reads "non-traditional Adult Education Instruction." This means that contact hours and enrollment must be separate from traditional classroom instruction.

Under the non-traditional Component heading, the following appears: "To calculate EPE hours for approved non-traditional programs a local school district or BOCES should determine the maximum number of professional staff hours that can be claimed by adding the

number of students actively enrolled in the program each week for the length of the program and multiplying the cumulative total by 30 minutes or .5 hours. (For aid purposes districts and BOCES are limited to an average of 30 minutes per week of professional staff time for each person actively enrolled.) Multiply the result by 12 to determine the total number of contact hours which may be claimed." (See the Chart on Page 3)

- The section states in the next paragraph, "School districts and BOCES must be able to document the actual number of professional hours used."

Please be aware that you must furnish accurate
 (Continued on page 3)

Never mention RETURNED PACK.

Educators may use Internet Material

Educators may use copyrighted material over the Internet the same way they use it in conventional formats under the guidelines drafted by a coalition of educators, publishers, filmmakers and other copyright holders.

The Copyright Act of 1976 gives copyright owners exclusive rights to their creations—meaning users must ask permission and possibly pay to use them. It allows a limited use without permission for educational and other purposes.

The Creative Incentive Coalition's guidelines essentially extend the definition of appropriate educational use, known as "fair use," to digital formats.

(The Sunday Gazette, Nov. 3, 1996)

Think about it...
When things go well and we succeed, we rarely ask, "Why me?" In times of trouble, "Why me?" is the first thing we say. Since we are all sharing life's ups and downs, it makes more sense to ask, "Why not me?"

GED on TV & GRASP Newsletter Report Form Second Report January, 1997

Agency Name: _____

GEDonTV ___ GRASP ___ Both ___ //Teacher ___ Agency ___ Report

Name(s) of Teachers reporting _____

(Please include addresses of any staff not listed in the Directory.)

Data: (Note: #1=GED on TV; #2= GRASP)

enrolled from July 1 to November 1, 1996 (1) _____ (2) _____

students carried over from 1995-96 (1) _____ (2) _____

who have taken at least part of a predictor test (1) _____ (2) _____

who have completed predictor testing (1) _____ (2) _____;

passed it (1) _____ (2) _____

who have taken the GED test, if any (1) _____ (2) _____

of students waiting for testing or for results (1) _____ (2) _____

of students who have passed the GED test, if any (1) _____ (2) _____

of teachers in your GRASP _____ //GED on TV _____ Program

Do teachers work in both programs? Yes ___ /No ___

Are there students in class now who were recruited by GEDonTV/GRASP advertising? If so, about how many? _____

If you could tell a new program one way to recruit students, what would it be?

What topics would you like to see in this Newsletter?

From the Capital, Continued from page 1

information to the person responsible for reporting EPE non-traditional hours. As professionals we hold ourselves accountable for maintaining funding standards set by our State which makes it possible for our students to succeed.

The following chart appears in the section on calculating non-traditional EPE aid:

**"Example: A District's Non-traditional Program
Operated by a School District**

Week	1	2	3	4	5	6	7	8	9	10	Total Enrollment
Active Enrollment	42	40	41	45	40	42	44	42	45	39	420

Since the cumulative active enrollment for the ten-week period is 420, the district may claim $420 \times .5$ hours or an allowable maximum of 210 professional staff hours.

Multiply the allowable maximum professional staff hours (210) by 12 (210×12) to arrive at the total number of contact hours. (2520)."



Obtaining Student Scores

The following is from a memo to GED Prep Programs dated 10/31/96 from Linda Headley Walker. Hopefully it is still in effect.

"Enclosed is your first quarter report listing the pass or fail results of candidates from your program who have recently taken the GED test. We recognize that this pass/fail information is an important ingredient in your program operation and we will continue to provide these comprehensive reports on a quarterly basis. [The schedule is at the end of this article.]

...Scoring takes 6-8 weeks...If a recent test candidate does not appear on the enclosed report, the information will automatically appear on the next quarterly report.

...Please remember, only those candidates appear on your quarterly report who use your 5-digit preparation code on their completed application will be included on the

list sent to you. If you are not receiving this report or you do not know your program code, please contact Kim at (518) 486-3666 as soon as possible.

To help insure that your report is as accurate as possible, please include the following in your planning for this testing year:

GED Programs:

Have your teachers check all applications.

Make sure that the (5) five digit program code is filled in correctly when the candidate completes item 2 on his/her application...

Make sure re-test candidates complete application item 12. Ask re-testers to bring their prior results with them when they complete the (continued on page 5)

Credit, Please!

We are pleased to report that the essay project entitled "A Dream Job" was written by Jean Breman of the Albany Adult Learning Center. It is not copyrighted, so you may use it. Thank you very much, Jean!

Formula for Test Success on the GED Essay

Thanks to Linda Laccetti and Judy Conine of Questar III BOCES, we bring you part two, the persuasive essay.

1. Read the question carefully and answer that question. (If you do not answer the question asked, all your efforts will be for nothing.)

2. Decide on your opinion. (If one does not jump to mind, pick the side that you can say the most about.)

3. Make a list of as many reasons for your opinion as you can. (Try for 10, no matter how ridiculous they may seem.)

4. Pick your two "best" reasons. (Best = the ones you can say the most about. Try combining some of your reasons into one stronger one.)

5. Follow this general format:

First paragraph - Introduction

(about three sentences)

Restate the question.

State your opinion

List your two reasons (Do not explain, just list.)

Body

A. Reason #1 (about 5 sentences)

State one reason and prove it.

Proof = example, fact, description, details, personal experiences. (Make up your "proof" if needed. Don't feel that you must use strictly factual information. What is important is that you defend your reason in as convincing a way as possible.)

B. Reason # 2 (about 5 sentences)

State your reason and prove it.

Proof = try to use a different method of proving reason #2. (That is, if you used a personal experience for reason #1, use details or facts, etc. for reason #2).

Conclusion - Final paragraph (about 3 sentences)

Restate your opinion as it relates to the original question. Tie up the loose ends. Do not add new information here. (Leave your audience with the feeling that you are organized.)



The GED Essay Scoring Guide

From *GED Items*

Sharon and Cecily find this breakout of essay scoring helpful. Share it with the student.

"[The scoring guide] defines the characteristics that papers exhibit regardless of the topic of the paper.

6 - The paper offers sophisticated ideas within an organizational framework that is clear and appropriate for the topic. The supporting statements are particularly effective because of their substance, specificity, or illustrative quality. The writing is vivid and precise, although it may contain an occasional flaw in the conventions of Standard Written (Continued on page 5)

English (spelling, punctuation, grammar, word choice, and sentence structure).

5 - The paper is clearly organized with effective support for each of the writer's major points. While the writing offers substantive ideas, it lacks the fluency found in the 6 paper. Although there are some errors, the conventions of Standard Written English are consistently under control.

4 - The paper shows evidence of the writer's organizational plan. Support, though adequate, tends to be less extensive or effective than that found in the 5 paper. The writer generally observes the conventions of Standard Written English. The errors that are present are not severe enough to interfere significantly with the writer's main purpose.

3 - The paper usually shows some evidence of planning, although the development may be insufficient. The supporting statements may be limited to a listing or a repetition of ideas. The 3 paper often demonstrates the writer's repeated weaknesses in the conventions of Standard Written English.

2 - The paper is characterized by a marked lack of organization or by inadequate support for ideas. The development may be superficial or unfocused. Errors in the conventions of Standard Written English may seriously interfere with the overall effectiveness of this paper.

1 - The paper lacks purpose or development. The dominant feature is the absence of control of structure and absence of the conventions of Standard Written English. The deficiencies are so severe that the writer's ideas are difficult or impossible to understand.

Note: Papers that are blank, illegible,

application. The score report lists all the previous test forms taken.

Candidates who test close to the date the report may not have results yet, but will appear on the next report.

If a candidate is planning to participate in a June Graduation ceremony at their local high school, they should take the test no later than the end of April so that results will be completed by mid-June. We cannot "speed up" the scoring process.

Ask students coming from other preparation programs to provide you with prior testing information.

The report schedule for the remainder of 1997 is as follows:

Report #2 mailed in January and covering July 1, 1996 to December 31, 1996.

Report #3 mailed in April covering July 1, 1996 to March 30, 1997.

Report #4 mailed in June covering July 1, 1996 to May 31, 1997, and the

Final Report mailed in September covering July 1, 1996 to August 31, 1997 (includes summer testing)

[Note: If you haven't seen the report for your agency, check with your administration to find out who is the designated recipient.]

written on a topic other than the one assigned, or which have been copied from another source cannot be scored.

Upper half papers make clear a definite purpose, pursued with varying degrees of effectiveness. They also have a structure that shows evidence of deliberate planning. The writer's control of the conventions of Standard

Essay Scoring Guide, Cont'd from p. 5

Written English ranges from fairly reliable at 4 to confident and accomplished at 6. Lower half papers either fail to convey a purpose sufficiently or lack one entirely. Consequently, their structure ranges from rudimentary at 3, to random at 2, to absent at 1. Control of the conventions of Standard Written English tends to follow this same gradient.



Keep your Newsletters!!
The Newsletters you receive from Technical Assistance form part of your Procedures Manual. This is the way we update your requirements and policies. If you need copies of previous Newsletters let Cecily know.



Welcome, Home Study Life Management!

At the request of NYSED, we are including teachers and agencies that provide Home Study Life Management, another non-traditional distance learning program in New York State.

We are eager to learn about the program, and invite all teachers to send Sharon articles, hints, good supplementary material resources, etc. We will be happy to add them to the newsletter.

As you all know, Bobbi Smith of TST BOCES in Ithaca is the originator of this program and its content area expert. The Distance Learning Technical Assistance Grant offers the newsletter for communication of ideas on teaching and for expertise in non-traditional EPE funding. We hope to assist you all. Please call Sharon at (518) 746-3521 or send news.

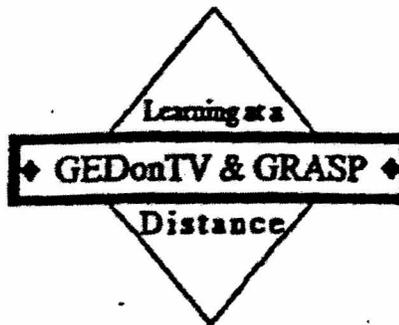


Non Profit
Bulk Rate
U.S. Postage
PAID
Hudson Falls, NY 12839
Permit #10

WSWHE BOCES
142-144 Lower Dix Rd.
Hudson Falls, NY 12839

Joan Shea
E. Suffolk BOCES
350 Martha Ave.
Bellport, NY 11713





August/September, Year 1997
Volume 3, Issue 8

Sharon Coarick, Coordinator
Cecily Bodnar, Editor

1996-1997 Program Statistics

Please fill in the following table from your annual report, copy and fax or mail to the address below before October 1. (As always, these numbers are used to discuss the programs by region or the entire state. They are for newsletter and public relations use only)

Program: _____

	GRASP	GEDonTV
Students:		
Enrolled:	_____	_____
Predictor Test:		
Tested:	_____	_____
Passed:	_____	_____
GED Test:		
Tested:	_____	_____
Passed:	_____	_____
Awaiting		
Scores:	_____	_____
Years of program operation:	_____	_____
# of		
Teachers:	_____	_____
Person Reporting:	_____	_____



Think
Spring!!



News from the Capital

Standards in Formation

Standard. According to Webster's New World Dictionary, the word comes from the Frankish or Middle English word, Estandard, which meant a "place of formation." As you may know, your editor has often been accused of being "hung up" on words. So, with all the conversation about standards these days, it seemed like a good idea to begin by reading a dictionary. Webster also tells us that a "standard"

may be "a flag or banner... a symbol of a leader or of a people." We also use standard to mean "something established for use as a rule or basis of comparison in measuring or judging capacity, quantity, content, extent, value (or) quality." Standard may mean a "level of excellence, attainment... used as a measure of adequacy." Standard is a word rich in meaning and with important implication for non-traditional programming in New York State.

Reflecting on our agencies as "places of formation" where we as leaders of our "people"—colleagues, students and communities—develop measures of "capacity, quantity, content, extent, value —Continued on page 2

In this issue

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Preparation for Work through Non-traditional GED Programs	3
Teachers' Corner	4
Help Us Help You	6

On the Road Again

On the Road—Again

One of the great things about visiting you "on site" is the opportunity to get wonderful ideas to pass along in the newsletter as well as some questions we never thought needed answers.

Carole DiGiovanni, a GRASP instructor at WSWHE BOCES, sends a special letter of invitation before graduation. Read it in "GRASP Students Are Real Students" on page —.

Joann Tenebra of Niagara Falls uses a sheet of eight "character sketches"—fairly rough line drawings of faces. She asks her GED on TV students to respond by writing a story about one of the faces. This is a very non-threatening way to get a writing sample by providing a ready-made topic. As soon as the scanner arrives and is working, the sheet will appear in the newsletter.

Ethel Allen, GRASP and GED on TV tutor for Jefferson-Lewis BOCES uses Microsoft Works* version 3 to keep track of all the *continued on page 5*

Continued from page 1

comprising the critical components of NYSED-approved model programs—brings wonderful images to mind. Picture a great gathering of the "tribes" of GED on TV and GRASP students and graduates led by their teachers and administrators; each agency carries a colorful banner, emblazoned with hopes and goals, with determination and pride.

Many of us have been working very hard for years carrying our individual "standards" of caring, quality and results into our packets and telephone calls. Sometimes we have felt rather alone and that our programs are not well understood. Sometimes we have wished we knew clearly what others in the field were doing and how they did it.

Help is on the way! This spring and summer, your Technical Assistance Team has been working hard with Linda Headley Walker and others at NYSED to develop our standards. You may be familiar with the Quality Indicators we have used for the last two years of visits. These have formed the basis of the draft standards, so they are not entirely new. Linda has been most helpful in suggesting format for the draft standards which are currently under review. As soon as they are approved, we will publish them in *Learning at a Distance*.

In the meantime, here are some of the questions we are addressing. They are not in any particular order or priority.

- Should we require GED on TV students to sign a "contract" as GRASP students do?
- What kind of "student work calendar" would help students keep track of the time students spend watching programs and doing related activities for GED on TV?
- How could such a "calendar" be verified? Is it necessary to see it?
- How can agencies demonstrate community collaboration?
- What constitutes meaningful staff development for GED on TV/GRASP tutors?
- Is there one "best" computer program to keep track of paid non-traditional teacher hours and make sure they are matched to packets prepared or telephone calls completed? If so, who has it?
- How can Technical Assistance become more helpful to the provider agencies, Regional Representatives in the Office of Workforce Preparation and Continuing Education, and others?

If you have ideas or concerns about these you would like to share—or additional questions we should be considering—, please call Sharon at (518) 746-3521, or fax to (518) 746-3540.



Preparation for Work Through Non-traditional GED Programs

All of us have heard about the Secretary's Commission on Achieving Necessary Skills (SCANS). The Commission worked with business and industry across the country to identify those skills essential for survival of the US economy in the age of global trade. The competencies are divided into two groups: Workplace Competencies and Foundation Skills.

~~When you plan your lessons, rather than by packet or telephone, think about ways you can involve young students in building skills in these areas.~~

Foundation Skills:

Competent workers in the high-performance workplace need:

- **Basic Skills:** Reading, Writing, arithmetic and mathematics, speaking, and listening. (GED on TV students surely build listening and speaking skills!)
- **Thinking Skills:** The ability to learn, to reason, to think creatively, to make decisions, and to solve problems. (Allowing GRASP students to work through a book in the best way for them teaches decision-making and reasoning.)
- **Personal Qualities:** Individual responsibility, self-esteem and self management, sociability and integrity. (Home-study students must take individual responsibility for their work and we have seen their self-esteem increase as they succeed in their work.) Managing one's time, the place and scheduling of study is a real challenge for some of our students—but they learn to do it! We are often asked, "How do you know they don't cheat?" Well, we are counting on developing that quality of integrity.)

Workplace Competencies:

Effective workers can productively use:

- **Resources:** They know how to allocate time, money, materials, space and staff. (Our students learn how to allocate their time. Can we use books or supplementary materials that teach in these contexts?)
- **Interpersonal Skills:** They can work on teams, teach others, serve customers, lead, negotiate, and work well with people from culturally diverse backgrounds. (We can discuss our working relationship with students in terms of "team" and help them live up to their commitment to the program.)

- **Information:** They can acquire and evaluate data, organize and maintain files, interpret and communicate, and use computers to process information. (How can we devise learning experiences to help them learn about their learning/communicating styles, and become more effective?)

Systems: They understand social, organizational, and technological systems; they can monitor and correct performance; and they can design or improve systems. (How can we expose our students to computers—perhaps the library? The library is itself a system—do we encourage our students to really use the library through assignments and suggestions?)

- **Technology:** They can select equipment and tools, apply technology to specific tasks, and maintain and troubleshoot equipment.* (How do our students already do this? What skills in the "low tech" fields are there that might give them confidence to succeed with computers and other machines?)

~~Discuss these skills with your students and see if they work their way through GRASP or GED on TV.~~
Are they candidates for vocational courses at your site? One nearby? Help them understand that, as they manage their everyday lives, they already use many of these skills on some level.

Non-traditional students are unique in many ways and they have a great diversity of skills. Some are already employed and wish to advance; some are hoping for a job when children no longer need full-time care; some have never worked and are afraid they have nothing to bring to the workplace. We can help "ready" them for job readiness.

~~Use your packets as telephone calls to help your students think of themselves as capable of valuable work. You, the teacher, are an important part of the success of workforce performance enhancement and Welfare to Work.~~

*Adapted from *Learning a Living: A Blueprint for High Performance. A SCANS Report for America 2000*, the Secretary's Commission on Achieving Necessary Skills, US Department of Labor.



Teacher's Corner

GRASP [and GED on TV] Students Are Real Students

Carole DeGiovanni a GRASP Instructor for eight years at Dutchess County BOCES, is concerned that distance learning students may not think of themselves as "real" students worthy of a graduation ceremony. She sends the following memo to each student and shares with them her own feelings when students miss their graduation. Perhaps you can adapt it to your own program.

"Our annual June graduation ceremony for students who pass the High School Equivalency Exam is always an exciting and memorable event. It is the highlight of my teaching year, and as each student receives his or her diploma, I cheer and applaud along with other teachers, administrators, special guest, and friends and families of students. I truly enjoy seeing all the students, dressed in caps and gowns, beaming with pride when they are rewarded for a job well-done. I always feel admiration for those courageous student speakers who tell us about the personal difficulties and even tragedies they overcame to achieve their dreams and goals. I am always inspired by the main speaker who encourages all of us to keep on learning, keep on growing, and to never stop dreaming.

Yet, after the ceremony is over, the pictures taken, the caps and gowns returned, the refreshments served,

disappointment sets in. I feel cheated. why? Because, as always, only a handful of my GRASP students showed up to receive their diploma.

On the way home, I do a mental run through a list of possible reasons why GRASP students do not come to their own graduation: illness, work, a death in the family, the delay of test scores, no transportation, or perhaps they moved and didn't receive the invitation. This year I thought of another reason. My intuition tells me that GRASP students don't perceive themselves as real students, because they didn't study or learn in a formal classroom setting.

Well, ATTENTION GRASP STUDENTS: YOU ARE REAL STUDENTS!
In fact, you must be a notch above classroom students if you are going to successfully achieve your goal. You must be a self-starter, the kind of person most employers want. You don't have the benefit of a teacher standing in front of you or sitting beside you, nudging you to get going. You must rely on yourself. Also, you must be self-disciplined. I can only guide and encourage you with a study plan and assignment sheet. You are totally responsible for when, where, how often, and how well you study and learn the subjects you need to review. Along with the books and lessons I send you, you must become you own teacher.

So GRASP students, give yourself some credit, a lot of it! If you pass the exam before next June, consider putting on that cap and gown to claim your well-deserved diploma. March into the auditorium with the other successful students from all over Dutchess County. Go ahead, make my day! (Best wishes, signed Carole DeGiovanni, GED Instructor).

On On the Road...Continued from page 2
 teacher hours/student records/and EPE funding. If you have ever used a Works* spreadsheet, you know it is very user friendly. Ethel is willing to share her process, and we will also cover some of it in future newsletters. Thanks to Joanne, Carole and Ethel. (MSWorks and Works are registered trademarks of Microsoft Corp.)

Now to the Questions. We have been asked, "Why is the Cambridge Comprehensive the only comprehensive recommended for GED on TV? It's hard!" It is important to understand that a student who reads well (15 or more on the entry test) may not wish to watch all the programs before taking the test. The Cambridge book is the most rigorous on the market. A student can use the test in the beginning of the book to learn what areas are in need of work, once those areas have been mastered (with or without the matching programs), the student is ready to check out skills against the practice tests at the end of the book. The explanations are clear—although there are a few errors in the text—and the student can self-score. Used in conjunction with a take-at-home predictor test, the Cambridge best insures that the student has the extra edge to succeed on the test the first time.

How do we know this? A year-long test project was done in the Greece Central District Program following the protocol below. Other texts are more "friendly" perhaps, but are not as rigorous. Remember, our goal is passing with the maximum possible score. If you do not have the correlation of the text to the programs, please contact Cecily Bodnar at (716) 396-0344.

Another question that arises from time to time is "Why do we have to use the entry

test provided in the Manual? It is very hard and old-fashioned." Right on both counts. That's the bad news—the good news is that it works. In the first three years of the program, careful track was made of the entry scores on that test. Far beyond our expectations, the test discriminated success from failure in the program. Whenever we were "kind" and took in someone with a score lower than 9, that person did not complete the program, did not take the GED test, or failed the test and did not retake it. Simply put, less than 9 meant no chance of succeeding with the GED on TV model.

For those of you who were not around then, the test itself was used by permission from the set of Official Practice Tests for the pre 1988 GED test. It was test 4: Reading from Form B of that test. It is important to note that an agency may not use another test for this model, including the TABE test in place of "test 4."

If you wish to make a case for another test, or text, contact Cecily. She will be happy to give you the process for conducting a comparative pilot project. We welcome teacher-based research in these areas. However, you must have a sufficiently large student population, and students must be willing to take more than one test. If you are interested in another comprehensive text, students must be carefully matched for learner characteristics, and teachers must be willing to use both texts, one with each of a set of matched students to control for teaching and learning differences. The research project must continue for at least one program year. (It is a lot of work!)

Please continue to share your expertise and to ask the tough questions—that is how we grow to serve you better!

7

Help Us Help You!!

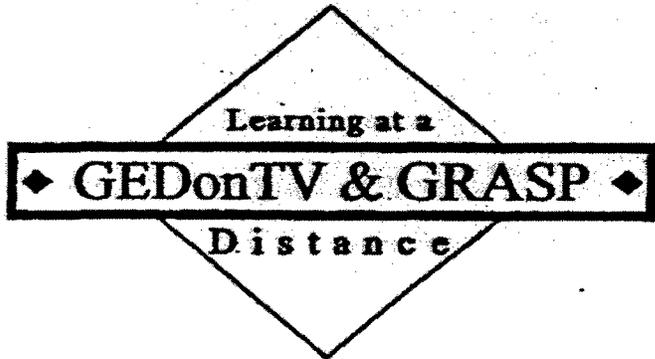
On page one, you will find this year's form for sending us your program numbers. It is the quickest, easiest, shortest form you have ever completed!! Simply list the figures from your annual report to NYSED.

5730

Please, please, send us the complete (all teachers) totals as soon as possible. Remember, we use these numbers only to provide summary data by state and region. The data is critical in demonstrating the number of people we serve and the number of teachers involved.



Keep your Newsletters!!
The Newsletters you receive from Technical Assistance form part of your Procedures Manual. This is the way we update your requirements and policies. If you need copies of previous Newsletters let Cecily know.

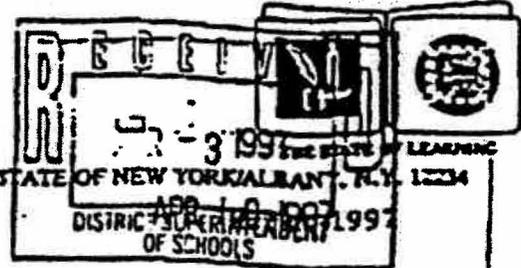
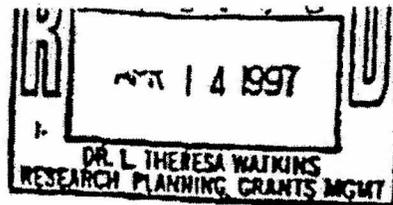


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NEW YORK



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, N.Y. 12234

OFFICE OF ELEMENTARY, MIDDLE, SECONDARY AND CONTINUING EDUCATION
Office of Adult, Family and Alternative Education
Room 3713
Albany, New York 12234

TO: Superintendents of Schools
District Superintendents
Directors of Adult and Continuing Education in School
Districts and BOCES

FROM: Barbara Shay *Barbara Shay*

SUBJECT: EPE Guidelines for Crossroads Café Programs

RECEIVED
APR 29 1997
ADULT EDUCATION OFFICE

As you are aware, the Office of Workforce Preparation and Continuing Education (OWPCE) has been involved in the development of a new initiative for teaching English for Speakers of Other Languages. This adult level video program called Crossroads Café is a result of a collaborative effort of the US Department of Education and the State Education Departments of New York, Florida, California and Illinois as well as INTELECOM, a not-for-profit corporation based in Pasadena, California and the language learning specialists at Heinle and Heinle Publishers.

Numerous agencies with ESOL programs throughout the State have requested information regarding the implementation and approval of Crossroads Café as well as the generation of EPE State aid.

Programmatic Implementation of Crossroads Café:

Agencies may implement Crossroads Café using any one of the following program models:

1. Traditional Program Model- All Crossroads Café materials are used only in a classroom setting by a certified teacher. All work and student-teacher contact occur inside a classroom.
2. Non-Traditional Program Model- All Crossroads Café materials are used only outside the classroom. For example, students watch the videos and complete the Worktext, and/or Photostory activities, or the teacher-generated work at home.
3. Hybrid Program Model- Crossroads Café materials are used both in a classroom and home/non-classroom setting.

101

The Hybrid Program Model for Crossroads Café is based on the results of an OWPC pilot study as well as a major national evaluation conducted by the United States Department of Education. The procedures within the model are subject to change as we receive more feedback from the ESOL providers throughout the State and review each of the models more completely. Agencies will be notified of any changes in the Crossroads Café models. Until such time, agencies should follow the procedures described in this document.

Generation of EPE state aid for Crossroads Café

EPE State aid may be generated by agencies using Crossroads Café to serve their ESOL students. In order to generate EPE, agencies must follow all current EPE regulations:

- The agency must be a local school district or BOCES whose EPE program has been approved by SED.
- The students must be 21 years of age or older without a high school diploma or the equivalent issued by any state or territory of the United States.
- All instruction must be provided by a certified teacher (K-12 certification or holding an adult education certificate).
- EPE contact hours can only be claimed for students participating in SED approved programs.
- To generate non-traditional EPE, the following must exist in order to meet the criteria established for non-traditional modes of instruction: an intake process, instructional intervention, a homework or homestudy component, and a procedure for reviewing the student work and progress.
- In addition, the following requirements must be met as well:
 - A student roster must be maintained, containing the names of all enrollees.
 - Record of completion of worktext and/or photostory activities must be maintained.
 - For classroom instruction, attendance sheets must be maintained which contain the hours of attendance at each session.
 - For home study, the student roster must detail the number of Crossroads Café episodes completed each week.

- For home study, teacher interaction with the student must be documented. Records must be maintained noting the time and date of telephone conversations and meetings and the issues covered.

State aid generation will be based on the method of delivery of the Crossroads Café program. Those methods are outlined below:

- A. **Traditional/Classroom Method**--Use of Crossroads Café in a classroom setting, under the supervision of a certified teacher, would generate EPE in the traditional way and would be calculated using the traditional formula.

To determine funding:

1. Multiply the number of students in attendance by the number of classroom hours.

30 students x 1 hour/day x 3 days a week = 90 contact hours

- B. **Non-Traditional/Non Classroom Method** -Use of Crossroads Café outside the classroom setting would generate EPE using the non-traditional formula to calculate the maximum number of contact hours.

To determine funding:

- 6 hr on wk
15 x 12
1. Calculate the active student enrollment for each week of the program. A student must complete two episodes of Crossroads Café in order to be considered active for the week. For example, a student who completes 4 episodes over a 4 week period would be considered active for 2 weeks.

2. Multiply the number of active students by .5 to determine the maximum number of teacher hours.

20 students x .5 = 10 teacher hours

Note: This formula calculates the maximum number of teacher hours which can be applied. The number of teacher hours used, however, cannot exceed the actual number of hours expended on appropriate Crossroads Café activities.

3. Multiply the number of actual teacher hours by 12 to calculate the non-traditional contact hours.

10 teacher hours x 12 = 120 contact hours

Agencies using the Hybrid Program Model would apply both the Traditional and Non-Traditional Formulas to the appropriate components. For example: The classroom portion of this model would

qualify for the traditional generation of EPE. The non-classroom portion of the model would qualify for the non-traditional generation.

For agencies to obtain SED approval for a new or existing (pilot) Crossroads Café program they should follow the following procedure:

- Fill out the enclosed program description form and submit it to this Office. Be as specific as possible regarding the nature of the student/teacher contact, and the number of students and contact hours.
- On the form, please describe how Crossroads Café will be implemented at your agency (traditional, non-traditional or hybrid program model).
- Please indicate if the Crossroads Café contact hours are included in the contact hours projected in your EPE Interim Report or if the number of Crossroads Café contact hours are over and above the number on the Interim Report.

I hope this helps to clarify some of the issues regarding the implementation of the Crossroads Café program. If you have any questions or would like additional information, please contact Patricia Mooney Gonzalez at (518) 474-8920. Please mail your completed form to her at the address listed on the form.

cc: Jean Stevens
Patricia Mooney Gonzalez

B. Non-Traditional Program Model (Non-classroom instruction only)

Number of students served: _____
Non-Traditional Contact Hours: _____

C. Hybrid Program Model (Classroom and non-classroom instruction)

Number of students served: _____
Traditional Contact Hours: _____
Non-Traditional Contact Hours: _____
Total Contact Hours: _____

Total number of contact hours for Crossroads Café for all models

All EPE agencies were required to submit an Interim Report to project their total contact hours for the 1996-97 year. If the above number of contact hours estimated for Crossroads Café changes the Interim Report projection, please indicate the additional contact hours to be included in the 1996-97 projection. _____

If you have any questions, please contact Patricia Mooney Gonzalez at (518) 474-8920. Please return one original application to:

Patricia Mooney Gonzalez
New York State Education Department
Office of Workforce Preparation
and Continuing Education
Room 307 EB
Albany, New York 12234

Crossroads Café Application

Agency Name:	
Address:	
Contact:	
Phone:	Fax:
Signature:	

Agencies may implement Crossroads Café using a traditional, non-traditional or hybrid program model. Under the appropriate heading below, please describe, as specifically as possible, the model your agency will be using. For each program model, be sure to include:

- when and where students will view the Crossroads Café episodes;
- a description of student/teacher interaction and contact; and
- student assignments.

In addition, please indicate the number of Employment Preparation Education (EPE) state aid contact hours that will be generated. Additional sheets may be attached.

A. Traditional Program Model (Classroom instruction only)

Number of students served: _____
Traditional Contact Hours: _____

**NEW YORK STATE EDUCATION DEPARTMENT
OFFICE OF AUDIT SERVICES
AUDIT REVIEW PROCEEDINGS**

Requests for Audit Review

It is the policy of the State Education Department to consider for review matters of significant disagreement which result from a final audit report issued by the Office of Audit Services.

An organization requesting an audit review must make a written application to the Associate Commissioner for Planning and Policy Development, New York State Education Department, Room 128 EB, Albany, New York 12234 within 30 days of receiving the final audit report. An organization may request a review of an audit whenever the final audit report directs the recovery of funds from the organization and one or more of the following conditions is met:

- Recovery of funds would cause immediate and severe financial hardship to the organization, thereby affecting the well-being of program participants;
- The organization's violation was caused by erroneous written guidance from the State Education Department;
- The State Education Department failed to provide timely guidance on the matter or condition when the organization had previously requested such guidance in writing; and/or
- The report contains errors of fact or misinterpretation of laws, statutes, policies or guidelines.

Organizations requesting an audit review must submit a written application describing how one or more of the above conditions have been met. This application must include all evidence and information the organization believes are pertinent to support its position.

An audit report which recommends improvements in internal controls of administrative or financial systems, but has no material financial impact on the organization, will not be considered for an audit review proceeding.