
Final Audit Report

Genesee Valley
Board of Cooperative Educational Services

For the Period

July 1, 2000 through June 30, 2001

BOC-0102-3

June 30, 2003

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





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June 30, 2003

Ms. Betty Lapp
Board President
Genesee Valley BOCES
80 Munson Street
LeRoy, NY 14482

Dear Ms. Lapp:

The following is our final audit report (BOC-0102-3) of the Genesee Valley BOCES for the period July 1, 2000 through June 30, 2001. 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 that 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. Glover, District Superintendent

Executive Summary

Background and Scope of the Audit

Genesee Valley BOCES ranked as the 25th largest BOCES in the State, in terms of total general fund expenditures, for the 2000-01 school year.

The audit examined management practices, records and documentation related to summarizing and reporting data used in the BOCES Report Card and the Chapter 602 Report for the period July 1, 2000 through June 30, 2001. The Employment Preparation Education (EPE) Program was reviewed for the 2000-01 school year. This audit also followed up on findings and recommendations from the previous audit. The objectives were to: evaluate the adequacy of management controls over data reported to the Department and obtain reasonable assurance that the data are valid and reliable; determine how BOCES use data to monitor the performance of the schools within its supervisory district; determine how BOCES use data to monitor student outcomes; and to evaluate the wide ranges of costs identified in the Chapter 602 Report and understand the reasons for the variances.

Audit Results

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

- Report Card data were reasonably accurate. (page 3)
- The methodology used for calculating the Per Pupil Tuition Rates for Occupational Education and Special Education Class Options was inaccurate. (page 4)
- EPE contact hours were overstated by 3,138 hours for a net total of \$15,941 in excess EPE aid for the 2000-01 school year. (pages 7-11)
- Opportunities exist for improving management processes pertaining to segregating duties for payroll, bank reconciliations, and General Ledger access. (page 16)

Genesee Valley BOCES officials have taken appropriate steps to correct the findings in EPE. They also state they will evaluate the opportunities for improving management processes and make improvements where possible.

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Introduction

Background

Public and legislative attention has been turned to data provided by Boards of Cooperative Educational Services (BOCES) and school districts with the issuance of Report Cards. Chapter 436 of the Laws of 1997 made the New York State BOCES Report Cards (Report Cards) available to the public on April 16, 1999. Graphically presented, the Report Cards summarize program accomplishments and services BOCES provide for children and adults.

In addition, Chapter 602 of the Laws of 1994 added Section 215-b to the Education Law to require the Commissioner of Education to prepare and submit to the Governor, the President Pro Tem of the Senate, and the Speaker of the Assembly, an annual report beginning January 1, 1996. The Chapter 602 Report details certain financial and statistical outcomes of BOCES, tuition costs for selected programs, per pupil cost information, and aggregate expenditure data for BOCES' administrative, capital, and service functions. The Chapter 602 Report is to include changes from the year prior to the report year for all data.

BOCES are organized under Section 1950 of the Education Law. Chapter 474 of the Laws of 1996 amended Section 305 of the Education Law to require the New York State Education Department (Department) to perform fiscal audits of BOCES at least once every three years.

Genesee Valley BOCES, headquartered in LeRoy, New York, serves 22 component districts. It ranked 25th largest in the State, in terms of total fund expenditures, for the 2000-01 school year.

Objectives, Scope and Methodology

Pursuant to Sections 305 and 1950 of the Education Law, we audited management practices, records, and documentation related to the July 1, 1998 through June 30, 2001 data contained in the Report Card and the Chapter 602 Report published during the spring of 2002. We followed up on the status of the prior recommendations made in audit report number BOC-0797-4 and reviewed the Employment

Preparation Education (EPE) Program for the period July 1, 2000 through June 30, 2001. The objectives were to:

- evaluate the adequacy of management controls over data reported to the Department and obtain reasonable assurance that the data are valid and reliable.
- determine how BOCES use data to monitor the performance of the districts within its supervisory district.
- determine how BOCES use data to monitor student outcomes.
- evaluate the wide ranges of costs identified in the Chapter 602 Report and understand the reasons for the variances.
- determine if EPE claims are adequately documented.
- follow up on the findings and recommendations from the previous audit, and determine whether timely and adequate corrective actions were implemented.

To accomplish our objectives, we reviewed applicable laws, regulations, policies, and procedures; interviewed Department and Genesee Valley BOCES management and staff; examined records and supporting documentation; sampled transactions on a non-statistical basis; and reviewed Genesee Valley BOCES' audited financial statements.

We conducted the 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 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 Genesee Valley BOCES Officials

Genesee Valley BOCES officials generally agreed with the matters contained in this report and their comments have been included where appropriate. Their final comments, if any, will be included as Appendix B to the final report.

Report Card

The Report Cards, required by Chapter 436 of the Laws of 1997, were made available to the public on April 16, 1999. Graphically presented, the Report Cards summarize program accomplishments and services BOCES provide for children and adults. They are intended to be used as a tool for the continuous improvement of BOCES' programs and services, and for providing information to communities. Data included in the Report Cards must be valid and reliable in order to be used effectively and BOCES officials are given the opportunity to review the Report Card prior to its release.

The Report Card reports on the following programs and services: Career/Occupational Education; Alternative Education; Adult Education; Special Education; Curriculum and Professional Development; Technology; the State Testing Program; and the 1999-2000 Expended Budget. The State testing figures are provided by the Department, not BOCES, therefore, those figures were not included in the scope of the audit.

Adequate Supporting Documentation

An objective of this audit was to determine the accuracy of the Report Card data and the adequacy of the supporting documentation. The audit found that Genesee Valley BOCES had adequate documentation to support the Report Card data. Overall, the Report Card data were reasonably accurate.

Chapter 602 Report

Chapter 602 of the Laws of 1994 added Section 215-b to the Education Law, which requires the Commissioner of Education to prepare and submit to the Governor, the President Pro Tem of the Senate, and the Speaker of the Assembly, an annual report beginning January 1, 1996. The Chapter 602 Report is also provided to all school districts and BOCES.

The Chapter 602 Report details certain financial and statistical outcomes of BOCES, tuition costs for selected programs, per pupil cost information, and aggregate expenditure data for BOCES administrative, capital and service functions. In accordance with the statute, the Chapter 602 Report should include changes from the year prior to the report year for all data.

Report Accuracy and Documentation

An objective of the audit was to determine the accuracy of the Chapter 602 Report data, the adequacy of the supporting documentation, and to evaluate variances with statewide averages.

Occupational Education Section

Genesee Valley BOCES' methodology for calculating the Per Pupil Tuition Rate for 1999-2000 did not deduct the miscellaneous revenues for Occupational Education. As a result, the tuition rate reported at \$5,245 should have been \$5,203.

Special Education Class Options

This section shows the Tuition Per Pupil for the Special Education Class Options, II, III, and IV. The audit found that Genesee Valley BOCES added the current year's encumbrances but did not deduct the previous year's encumbrances. In addition, they did not deduct miscellaneous revenue before calculating the tuition rates.

As a result, the tuition rates for the three Special Education Class Options are overstated. This overstatement does not affect the Chapter 602 Report materially. However, the errors

are brought to Genesee Valley BOCES' attention so the calculations can be performed correctly in subsequent years.

Recommendation

1. Ensure the tuition rates for Occupation Education and Special Education Class Options are calculated correctly.

Comments of Genesee Valley BOCES Officials

Genesee Valley BOCES officials concur with this recommendation.

Employment Preparation Education (EPE) Program

Genesee Valley BOCES operates an EPE Program. This categorical aid program serves students 21 years of age or older who have not received a high school or equivalency diploma.

Part 168.4 of the Regulations of the Commissioner of Education (Regulations) 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 used only for EPE Program purposes.

Genesee Valley BOCES received a total of \$308,107 in EPE aid for the period July 1, 2000 through June 30, 2001, based on reported contact hours. Education Law Section 3602 states that when total revenue received exceeds the entire cost of such program, State aid payable in the following year will be reduced by the amount of such excess. This means that Genesee Valley BOCES must refund the larger of revenues disallowed or expenditures disallowed, but not both. The audit report will be used by the Department to adjust future aid received by Genesee Valley BOCES.

The audit found that Genesee Valley BOCES claimed 3,138 contact hours for students that could not be adequately documented or were ineligible for aid. The total net EPE aid ineligible for 2000-01 amounts to \$15,941 (see Schedule 1).

Policies and Procedures Manual

Good business practice dictates that written policies and procedures be adopted for those services which are not covered by other general policies and procedures. This is especially true when there are specific requirements for providing these services and documenting that these services were provided. These written policies and procedures would incorporate any laws, regulations, guidelines or manuals issued by the organization(s) with oversight authority.

Genesee Valley BOCES could improve its operations by having written policies and procedures established for the EPE program. With written policies and procedures, the employees providing EPE services and accounting for EPE services

provided would have clear guidance, which might have prevented the EPE findings in this report.

Genesee Valley BOCES officials agree that they do not have any written policies or procedures specifically for the EPE program. They will prepare a written procedures manual using the new EPE manual received from the Department as a guide.

Summary Contact Hours

School districts and BOCES generate EPE aid by reporting contact hours and student enrollment on Forms SA-160.1 and SA-160.2, EPE State Aid Claim Forms. Under Section 168.2 of the Regulations, a contact hour for EPE means 60 minutes of instruction given by a teacher in approved program component areas. The Department requires the number of reported contact hours to be clearly documented to ensure that EPE revenues paid to the districts or BOCES are appropriate. Any undocumented or overstated contact hours will be questioned upon audit and revenues will be reduced accordingly. The school districts or BOCES must maintain classroom attendance rosters of all students who attend EPE Programs.

Genesee Valley BOCES claimed 60,651 total contact hours on the SA-160.1 and the SA-160.2 for the 2000-01 school year. Their summary sheets support 60,457 contact hours, which is 194 hours less than reported. Genesee Valley BOCES did not ensure that total hours reported on Forms SA-160.1 and SA-160.2 reconciled with their summary attendance records.

As a result, Genesee Valley BOCES received \$987 in EPE aid to which it is not entitled. Genesee Valley BOCES officials agree those contact hours were overstated. They state this situation was the result of human error and the new procedure manual may assist in this area.

Contact Hour Documentation

BOCES are required to maintain appropriate attendance records to support contact hours reported on Forms SA-160.1 and SA-160.2. The audit found that Genesee Valley BOCES' records did not always adequately document EPE contact hours, resulting in errors when calculating EPE contact hours.

The audit found contact hour documentation lacking for the following for EPE Program activities as shown in Table 1.

Table 1
Questioned Contact Hours

Class	Contact Hours	Dollar effect
ESOL Batavia	3	\$15
Camp Elba	14	71
Camp Yorkshire	154	782
GED on TV	126	640
Math Basics	-18	-91
Life Management	384	1,951
Work Experience	10	49
Total	673	\$3,417

Source: Genesee Valley EPE records.

As a result, Genesee Valley BOCES and the Department have little assurance that EPE contact hours are being properly reported and claimed. The audit questioned 673 EPE contact hours resulting in a disallowance of \$3,417 in EPE aid.

Genesee Valley BOCES officials agree that they did not always maintain adequate documentation in the student logs to support EPE contact hours claimed for these programs. They state this situation was the result of human error because the instructors maintain the student logs off site. They believe their new procedures manual will help in this area.

Contact Hours Claimed for Ineligible Students

According to Education Law, Section 3602.24.a., school districts and BOCES are eligible for EPE aid for the attendance of persons 21 years of age or over who have not received a high school diploma or a high school GED diploma.

The audit determined that Genesee Valley BOCES claimed 189 contact hours for students who were under the age of 21 during the 2000-01 school year. They also claimed 797 contact hours for students who had been issued high school diplomas or GEDs. The ineligible hours totaled 986, which represent \$5,008 in EPE aid to be repaid to the Department.

Genesee Valley BOCES officials agree that they claimed EPE contact hours for students under the age of 21 and for students who were issued a GED, high school diploma or status undetermined. However, they explain that the students in

question are from migrant families and quite often records for these individuals do not exist. Many times, the students themselves are uncertain of their exact birthdate.

Intake/Assessment Hours

According to a memo sent from the Department to all BOCES in 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. Also, 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.

The EPE Program Comprehensive Plan of Service Application for 1995-96 noted that counseling service for any purpose other than the development of education and employment preparation plans for students is not aidable through EPE. In addition, only instructional hours provided by a teacher are aidable.

Genesee Valley BOCES claimed 2,745 contact hours for intake/assessment; however, there was no documentation for these hours. They claimed three contact hours for each student tested at the Adult Education Office and the Migrant Center.

Department officials from the Office of Workforce Preparation and Continuing Education said that rather than disallow all of the contact hours for intake/assessment, the audit could allow three hours for the Test of Adult Basic Education (TABE) test and one hour for the NY Place Test.

The supervisor for the Genesee Valley BOCES Adult Education Office stated that they use the TABE test to evaluate their students. The audit reviewed the TABE test results for 11 students who had more than three contact hours claimed. Genesee Valley BOCES officials claimed 72 hours for these students but could supply the TABE test results for only seven of the 11 students. One student was not given a TABE test, but rather was given a NY Place test. The audit disallowed 50 contact hours, allowing only 22 contact hours for the seven TABE and one NY Place Test.

The audit then chose a random sample of ten students who had three hours claimed. The audit reviewed the TABE test results

for these ten students, but Genesee Valley BOCES could only produce TABE test scores for six of the ten students. Therefore, the audit disallowed 12 hours claimed for the 4 tests that could not be substantiated. The audit disallowed 62 contact hours for the Adult Education office (not including the Migrant Center) which totals \$315 at the EPE rate of \$5.08.

The Supervisor for the Migrant Center stated that they also claim three hours for intake/assessment and they only use the NY Place test for this purpose. The audit allowed one hour for the NY Place test as acceptable documentation. The audit calculated 449 contact hours as allowable for intake/assessment by dividing the 1,347 hours the Migrant Center claimed by three. Two tests were given to a student who was below the age of 21. Another student's date of birth could not be verified and two tests were given to her. Therefore, an additional four hours of the 449 were disallowed (445). The total disallowance for intake/assessment at the Migrant Center is 902 contact hours (1,347 - 445).

The audit then chose a random sample of 24 students at the Migrant Center for which Genesee Valley BOCES claimed intake hours. Fifty-two tests were claimed to have been given to the 24 students. Of the 52 tests, the audit could only find supporting documentation for 32. The audit disallowed the difference of 20 tests at one contact hour each.

Based on the above conditions, 922 (20 + 902) EPE contact hours are disallowed for intake/assessment for the Migrant Center. This calculates to \$4,684 based on the EPE rate of \$5.08. This disallowance, coupled with the disallowance for the Adult Education Office, makes a total disallowance of 988 contact hours equaling \$4,999 in EPE aid. The EPE aid adjustment will be withheld from future EPE aid payments.

Genesee Valley BOCES officials agree that they are claiming blocks of time for intake/assessment without documenting start and end times. However, they point out that, until recently, written guidelines were not available from the Department and they were acting on verbal directions received from Department officials. They will document start and end times and will report and claim all such hours.

Program Approval Requirements

Section 168.3 of the Regulations requires that each BOCES intending to operate an EPE program submit a comprehensive plan of service application to the Department for approval.

Genesee Valley BOCES did not have prior Department approval to offer an art class for the Migrant Center program that was operating during the 2000-01 school year. Genesee Valley BOCES claimed EPE aid for the art class in the amount of 129 hours, or \$655 at the EPE rate of \$5.08. Future EPE aid payments will be reduced by this amount.

Genesee Valley BOCES officials agree that they claimed EPE contact hours for an unapproved program. They claim this was simply an oversight and they will seek the Department's approval for all EPE programs.

Teacher Not Employed By the BOCES

An October 1995 Department memo to all BOCES clarified that Section 157.1 of the Regulations states that services provided to out-of-school youths and adults must be conducted by teachers who hold a valid New York State teaching certificate, an adult education certificate, or an evening vocational certificate. The teacher must also be employed by the district or BOCES claiming the EPE aid.

Genesee Valley BOCES claimed 168 contact hours for a "teacher" to instruct students on health-related issues. The teacher was not employed by Genesee Valley BOCES. Therefore, the audit disallowed the 168 claimed hours equating to \$853 in ineligible EPE aid.

Genesee Valley BOCES officials agree that they claimed EPE aid for contact hours generated from a teacher whose salary was not paid for by Genesee Valley BOCES. The Migrant Center has a Memorandum of Understanding with another organization to provide health services to the migrant families.

Class Size Exceeds 20 Students

Part 168.4 of the Regulations states that BOCES are required to maintain appropriate attendance records to support contact hours reported on Forms SA-160.1 and SA-160.2. Class size

is limited to 20 students unless a waiver is obtained from the Department.

Attendance records show that there were more than 20 students in one class at one time at Camp Ben's Nicholsbrook Motel. For example, on May 13, 2001, 26 students were in one class; on May 20, 2001, 21 students were in one class; and on June 3, 2001, 22 students were in another class. Genesee Valley BOCES does not have a waiver to exceed 20 students in a class. According to a memo dated June 6, 2002 from Genesee Valley BOCES, they have requested a waiver from the Department to exceed the maximum of 20 students in a class.

Auditor's Note

The audit spoke with the Office of Workforce Development to determine the appropriate action and was told that there should be no disallowance. However, the Office of Workforce Development would not approve the programs in question in the future unless Genesee Valley BOCES seeks a waiver. Genesee Valley BOCES officials agree that they did not obtain a waiver to exceed 20 students in any one class. They will obtain the necessary waivers and incorporate this procedure into their manual.

Waivers Needed for Classes of Less Than 6 or More Than 20 Hours Per Week

Part 168 of the Regulations states that classes should operate at least 6 but not more than 20 hours per week, unless otherwise approved by the Commissioner.

Genesee Valley BOCES offered one class with less than six hours of instruction per week and nine classes that offer more than 20 hours of instruction per week for the 2000-01 school year. Genesee Valley BOCES had no waiver to offer less than 6 or more than 20 hours of instruction per week. The audit found that the Migrant Class at Potter Torrey was offered only four hours per week. The audit noticed many instances where the master schedule for the Migrant Center did not coincide with what was actually claimed in contact hours. For instance, the master schedule for the Transit Road Camp offered two classes per week at three hours per class. But, according to the summary sheets, Genesee Valley BOCES only claimed two hours per class for the entire time that the class was offered.

This indicates that the classes are not following the master schedule for many of the classes offered at the Migrant Center.

The audit determined that 9 classes were offered more than 20 hours per week.

Auditor's Note

The Office of Workforce Development told the audit that there should be no disallowance, but it would not approve the programs in question in the future unless Genesee Valley BOCES seeks a waiver. Genesee Valley BOCES is not in compliance with Part 168 of the Regulations.

Genesee Valley BOCES officials agree that they did not obtain a waiver to offer less than 6 or more than 20 hours of instruction per week. They state they will obtain the correct waivers and will add this procedure to their manual.

Student Folders

Section 168.3 of the Regulations requires that every student in an EPE Program have an individual student folder that is easily accessible to the student and the teacher, and includes information concerning registration, attendance, testing, and individual program needs. At a minimum, registration information must include the student's name, class attendance, the student's date of birth or age, and the student's diploma status. Beginning in 1995-96, each folder is required to contain an Individual Education and Employment Preparation Plan (IEEPP).

The audit reviewed the student folders for the sample selected for contact hour testing at the different EPE sites operated by Genesee Valley BOCES and found the student files did not consistently contain evaluations. The Migrant Center did not contain any goals in keeping with the Department's requirement. All of the students from the Migrant Center are in an English as a Second Language class but this alone, with no goals in the student folders, does not satisfy the Department's requirement. In one case, there was no indication of graduation status.

As a result, Genesee Valley BOCES is not in compliance with Section 168.3 of the Regulations. Genesee Valley BOCES officials agree that they do not test all students for which EPE

contact hours were claimed. According to their records, the Adult Education program is in compliance but the Migrant Center is not. They will make this requirement part of their procedures manual and it will be checked by appropriate individuals.

Genesee Valley BOCES officials also agree that student folders do not always include required IEEPPs. Again, they say the Adult Education program is in compliance but not the Migrant Center. They will make this requirement part of the procedures manual and checked on by appropriate individuals.

They further agree that they do not have written policies or procedures establishing a standardized IEEPP and the information to include. They say the Adult Education program is in compliance and the Migrant Center is not. They will establish a written policy or procedure to establish a standardized IEEPP and the information to include.

Teachers' Certifications

Section 157.1 of the Regulations states that services provided to out-of-school youth and adults must be conducted by teachers who hold a valid New York State teaching certificate, an adult education certificate, or an evening vocational certificate.

The audit requested to see a copy of the certifications for all teachers who taught classes within the sample. The Adult Education Office provided the audit with copies of the requested teachers' certifications. The audit also asked to see a copy of the teachers' certifications for the four teachers who taught the classes within the sample at the Migrant Center. One of the four teachers had a permanent teacher certificate, the remaining three had no certifications. The audit then requested a copy of the certifications for all of the teachers for the Migrant Center. A list of 27 teachers was given to Genesee Valley BOCES officials, of which 8 were certified.

The audit brought the matter to the Office of Workforce Preparation who said that they would be willing to certify the teachers retroactively rather than disallow the contact hours generated by the teachers that were uncertified. They said that Genesee Valley BOCES would have to submit an application with the required application fees for Adult Education certification for each teacher not certified. If Genesee Valley

BOCES complies with this requirement, there will be no disallowance. Genesee Valley BOCES was not in compliance with Section 157.1 of the Regulations.

Genesee Valley BOCES officials agree that they hired uncertified teachers to teach EPE and generate EPE aid. However, they state it was not intentional. They have submitted all teachers' certifications along with the licensing fees to the Department. They will only hire certified teachers for the EPE aidable classes in the future.

Recommendations

2. Establish a procedures manual for EPE employees.
3. Ensure that total EPE hours reported are reconciled with summary attendance records.
4. Improve documentation on student logs to support hours claimed.
5. Ensure only eligible students are claimed for EPE contact hours.
6. Ensure actual hours are documented and claimed for intake/assessment procedures.
7. Ensure approval is obtained for all programs offered.
8. Ensure all teachers are employed by Genesee Valley BOCES and have certification.
9. Obtain waivers for class sizes greater than 20 students and for classes offered less than 6 or more than 20 hours per week.
10. Ensure student folders contain all data required, including an IEEPP.

Comments of Genesee Valley BOCES Officials

Genesee Valley officials concur with all these recommendations.

Opportunities to Improve Management Processes

Management is responsible for establishing effective management processes and 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. The audit reviewed several processes and found opportunities for improvement in the areas of accounting and reporting of related service costs, proper use of Criteria Guide Numbers, policies and procedures for accounting and personnel areas, and implementation of audit recommendations.

Segregation of Duties

No one person should control all key aspects of a transaction or event. Key duties and responsibilities need to be divided among different people to reduce the risk of error or fraud. This should include separating the responsibilities for authorizing transactions, processing and recording them, reviewing the transactions, and handling any related assets.

The audit found that returned payroll checks and W-2s were given to the Payroll Clerk. Also noted was that a deputy treasurer posts incoming checks in the cash receipts process and is also responsible for school district billing from the contracts (AS-7s). In addition, the audit noted the Treasurer has responsibility for the General Fund and a deputy treasurer has responsibility for the Special Aid and Lunch Funds. These two individuals also perform miscellaneous billings and bank reconciliations, and have unrestricted access to the General Ledger.

These areas need to be reviewed and, where possible, the duties separated. Genesee Valley BOCES officials agree that certain duties performed by the Treasurer, deputy treasurers and payroll clerk are not sufficiently separated. They state they will reevaluate the duties, include input from their independent auditors, and will make improvements.

Recommendation

11. Establish procedures to strengthen internal controls in the areas of payroll checks, cash receipts process, bank reconciliations, and General Ledger access.

Comments of Genesee Valley BOCES Officials

Genesee Valley officials concur with this recommendation.

Data Collection and Use

BOCES have been asked five questions regarding data collection and use as part of the audit scope. The questions are being asked to ascertain best practices that might be shared among the BOCES. The following are the responses of Genesee Valley BOCES officials to these questions.

Question 1

What data do you collect and how do you use the data to help component schools increase their performance within your supervisory district? What specific data do you use? Where do you obtain the data? Are there any other data you wish you had?

Genesee Valley BOCES' Response

Data utilized to assist schools in increasing their performance are gathered from the school report card, district interviews, the CSPD process, information gathered from the plans (i.e.: PDP commitments). The data is obtained from districts via surveys and district scores. There is no other data needed at this time.

State Education Department regulations that mandate writing of specific plans by districts drives many of the initiatives of the School Improvement Department. Districts are invited to utilize these services in person via meetings as well as in writing. In meeting the requirements of the NYS Professional Development Plan as well as The Annual Professional Performance Review, interpretation of the state regulations and templates were created along with training modules. Our department has designed a suggested process for Comprehensive Planning. This process has been useful for curriculum design and development as well. Districts have utilized this model for CDEP as well as strategic planning. Avon, Livonia, Mt. Morris, Elba and Wyoming are utilizing the formalized CDEP process.

The Standards Implementation Study is in the third year of a four-year process. Phases are described in the packet. Twenty schools have been identified by SED and this process has encompassed forty days for our staff in the interview and data collection process.

The Office of School Improvement designed Group Process Training. This training has been critical for districts in creating and working with teams charged with completing district plans. A copy of the training is attached.

Question 2

What data do you collect and how do you use them to help component schools improve student outcomes in your supervisory district? What specific data do you use? Where do you obtain the data? Are there any other data you wish you had?

Genesee Valley BOCES' Response

Data collected specifically to guide us in improving student outcomes comes from state-mandated tests as well as off year assessments. No additional data is needed at this time.

Data analysis via a Professional Development plan Needs Analysis. This data was obtained from each district utilizing data from the districts' PDP as well as their annual CSPD plans. District goals are centered around student achievement and how to improve this achievement through enhancement of Professional Development Data sheet is attached.

The Office of School Improvement utilized test data gathered via Edu Tech to create an analysis of 4 and 8 grade test data. This initiative involved collection and reporting of data individually by districts.

The reporting also including a comparison study of participating districts. All 22 districts were offered this first time service and ten districts participated. Data collected was broken down by Group Item Analysis and Constructed Response. Examples are attached.

Kindergarten Survey of Screening Initiatives: based on district requests, a survey was conducted that asked districts specifics they used for their screening of incoming kindergartners. Sixteen out of twenty two districts participated. Information gleaned was shared at our regional principals meeting. A copy of results is attached.

Question 3

What data do you collect and how do you use it to improve BOCES student outcomes? What specific data do you use? Where do you obtain the data? Are there any other data you wish you had?

Genesee Valley BOCES' Response

Data collected specifically to guide us in improving BOCES student outcomes comes from state mandated tests, standardized diagnostic reading and mathematics tests, Regents examinations, attendance and career assessments.

The BOCES uses this data to develop its CSPD plan, which focus on program goals to support improved student outcomes. BOCES goals are centered around improving student achievement.

The data utilized is collected through the student's home districts as well as through specific assessments administered by the various BOCES programs.

The current assessments utilized prove appropriate and adequate information to assist the BOCES in developing student achievement goals.

Question 4

How would you like to see the BOCES report cards changed, if possible? Do you think it fairly and accurately represents your BOCES' performance?

Genesee Valley BOCES' Response

"Our response to the first part of Question #4 is limited. We have no specific suggestions for improving our one concern: how valuable is the comparative data which is collected? Is it really measuring apples to apples? How can one tell?"

"The second part of that question asks if we think the BOCES' Report Card fairly and accurately represents our BOCES' performance. In general we would say 'yes'. However, we feel our Annual Report better reflects how we serve our region."

Question 5

What data would you like to see added, deleted, or modified, if possible, in the 602 Report?

Genesee Valley BOCES' Response

We have no suggestions for additions, deletions, or modifications at this time.

Follow Up – Recommendation Implementation Plan

On November 19, 1998, the Office of Audit Services issued a final report on management practices, records, and documentation related to select areas of the BOCES. The report contained 12 recommendations to improve operations. Genesee Valley BOCES submitted a Recommendation Implementation Plan for each recommendation on April 23, 1999.

Genesee Valley BOCES successfully implemented or otherwise satisfied 11 of the 12 recommendations. Only one recommendation was not fully implemented.

Recommendation 1: Ensure that all claimed contact hours are appropriate and adequately documented.

Implementation Action:

The BOCES' independent auditor was retained to assist in developing procedures to ensure contact hours were tracked and documented. These included a software package from a national firm to track hours and other EPE information.

Auditors' Comment: The audit determined that there is a system in place and it is working satisfactorily.

Implementation Status: Fully implemented.

Recommendation 2: Ensure that EPE funds are only spent on EPE related expenses and are adequately documented.

Implementation Action:

The BOCES began doing a more careful review of the expenses charged to EPE and closer monitoring by a specific individual responsible.

Auditors' Comment: The audit tested a sample of expenditures and allocations of personal services costs and Operations & Maintenance and noted no exceptions.

Implementation Status: Fully implemented.

Recommendation 3: Improve inventory system and reconcile the physical inventory to records of assets.

Implementation Action:

The BOCES had made some progress toward implementation, which resulted in an unqualified opinion by their Independent Auditor for the 1998 Year, which was the last year this was done. However, the BOCES decided that they would fully implement this when they implement GASB

34 for the 2002-03 year. According to the Business administrator, data to implement has been updated but not applied.

Auditor's Comment: Qualified opinion on 2000-01 Financial Statements.

Implementation Status: Partially implemented.

Recommendation 4: Ensure all vehicles use mileage logs and record all personal mileage.

Implementation Action:

The BOCES implemented immediately. Vehicle logs now record all mileage driven whether business or personal.

Auditors' Comment: Small sample of logs looked at had personal and business miles and the personal mileage was reported to payroll.

Implementation Status: Fully implemented.

Recommendation 5: Ensure personnel expenses are not reimbursed.

Implementation Action:

The BOCES took no additional action but to advise responsible individuals to be more diligent in following BOCES policy that it does not reimburse for personal expenses.

Auditors' Comment: Genesee Valley BOCES collected the money that it had erroneously paid. A small sample of similar expenses for the current year showed spousal travel as personal expense and deductions for any personal expenses were shown on receipts.

Implementation Status: Fully implemented.

Recommendation 6: Report all required wage and tax information to the IRS.

Implementation Action: The BOCES' independent auditor met with employees impacted and reviewed IRS regulations with them. Policies were established by the Board for reporting the taxable portion and personal use of BOCES owned vehicles. Implementation of mileage logs. Taxable income was recorded and stored for use in preparing W-2s.

Auditors' Comment: New policies are in place. Several W-2s were reviewed and an IRS check review in 1999 showed no exceptions. The IRS review was made part of the working papers.

Implementation Status: Fully implemented.

Recommendation 7: Ensure that individual accounts do not exceed budgeted amounts.

Implementation Action: The BOCES acknowledged problems with the accounting software package they were using at the time. They have changed to a different budget software system which requires appropriations be available by line item before an encumbrance can be placed. BOCES only makes transfers between individual line items.

Implementation Status: Fully implemented.

Recommendation 8: Properly account for year-end encumbrances.

Implementation Action: The audit finding was based on a one time event because of the existing software. Genesee Valley BOCES has a new software package that precludes this from happening.. The independent auditor was aware and adjusting entries were made to reflect expenses correctly. A decision was made that it would not be cost effective to re-enter each item in the new year.

Implementation Status: Fully implemented.

Recommendation 9: Ensure the administrative budget is not increased once approved by the component districts.

Implementation Action: BOCES states that non-anticipated revenues are no longer added into the appropriations of the administrative budget.

Implementation Status: Fully implemented.

Recommendation 10: Ensure approval is obtained to hire retired teachers and the salary paid does not exceed that allowed by Section 212.

Implementation Action: The BOCES implemented by limiting salary offers to retirees to the maximum allowed under section 212. Their pay records are flagged so that when at the proper time they are terminated and re-hired in the new year.

Auditors' Comment: The audit found that there were three retired employees and checked their W-2s and the system that tracks their wages to prevent overpayment.

Implementation Status: Fully implemented.

Recommendation 11: Ensure the District Superintendent employment contract complies with Education Law.

Implementation Action: BOCES has their counsel review the contract and sends it the Commissioner for approval.

Auditors' Comment: All contracts are now approved by the Department's Office of Counsel.

Implementation Status: Fully implemented.

Recommendation 12: Improve documentation of O & M allocations.

Implementation Action: BOCES re-measured spaces comparing to original blue prints to ensure correct footage. Spreadsheets to determine percentage of space have been improved. Department heads will sign off on the square footage under their control.

Auditors' Comment: A quick review of the spreadsheets and allocation methodology for the Operations & Maintenance charged to EPE supported the above. The allocation was compatible with the space that the audit determined was for EPE use.

Implementation Status: Fully implemented.

Employment Preparation Education Program
Summary Questioned Contact Hours

	Total
Contact hours reported per SA-160.1 and .2	60,651
Contact hours are ineligible for EPE aid due to:	
Summary records do not support SA-160's (page 7)	194
Inadequate contact hour documentation (page 8)	673
Students under 21 (page 8)	189
Students with a high school diploma or a GED (page 8)	797
No documentation for intake/assessment (page 10)	988
Unapproved program (page 11)	129
Teacher not employed by the BOCES (page 11)	168
Total adjustments	3,138
Total contact hours eligible for aid.	57,513

Calculation of Amount Questioned:

Contact hours paid	60,651
Contact hours eligible for aid	57,513
Hours questioned	3,138
EPE rate per hour	\$5.08
Amount to be recovered	\$15,941

Contributors to the Report
Genesee Valley BOCES

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- Stewart Hubbard, Senior Auditor