
Audit Report

Orange-Ulster
Board of Cooperative Educational Services

For the Period

July 1, 1997 through June 30, 1998

BOC-0999-3

June 30, 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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June 30, 2002

Mr. Carl P. Onken
Board President
Orange-Ulster BOCES
53 Gibson Road
Goshen, New York 10924

Dear Mr. Onken:

The following is our final audit report (BOC-0999-3) of the Orange-Ulster 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. Hanna, District Superintendent

Executive Summary

Orange-Ulster BOCES ranked as the 11th largest BOCES in the State, in terms of total general fund expenditures, for the 1997-98 school year.

Background and Scope of the Audit

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, 1997 through June 30, 1998. The Employment Preparation Education (EPE) Program was reviewed for the July 1, 1997 through June 30, 1998 school year. This audit also followed up on findings and recommendations from the previous audit (BOC-1296-7). 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 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.

- Orange-Ulster BOCES needs to provide accurate data to the Department for inclusion on the Report Card and identify incorrect data on the draft copy provided for review (pages 3-7).
- EPE contact hours were overstated by 8,681 which represents \$34,203 in ineligible aid (page 14).
- EPE procedures for documenting contact hours can be improved (page 16).
- Orange-Ulster BOCES can improve management procedures in the areas of accounting for related service costs, use of approved criteria/guide numbers, and establishing written procedures in accounting and personnel areas (pages 18-21).

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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 BOCES 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 also includes changes from the year previous 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.

Orange-Ulster BOCES is headquartered in Goshen, New York and serves 18 component districts which have enrollments of more than 50,000 students. Orange-Ulster BOCES ranked 11th largest in the State, in terms of total general fund expenditures, for the 1997-98 school year.

Objective, Scope and Methodology

Pursuant to Sections 305 and 1950 of the Education Law, we audited management practices, records and documentation related to the data contained in the BOCES Report Card and the Chapter 602 Report for the period July 1, 1997 through June 30, 1998, and we followed up on the status of previous recommendations made in audit report number BOC-0496-2.

We also reviewed the Employment Preparation Education (EPE) Program for the period July 1, 1997 through June 30, 1998. 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.
- evaluate the wide range 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 to determine whether timely and adequate corrective actions were implemented.

To accomplish our objectives, we reviewed applicable laws, regulations, policies and procedures; interviewed Department and BOCES' management and staff; examined records and supporting documentation; sampled transactions on a non-statistical basis; and reviewed Orange-Ulster 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 Orange-Ulster BOCES Officials

Orange-Ulster BOCES officials generally concur with the findings of this report. Their comments on the matters contained in this report have been included where appropriate. Their final comments have been included as Appendix B to this report.

Report Card

The BOCES Report Card is intended to be used as a tool for the continuous improvement of BOCES programs and services, and for providing information to communities. The Report Card displays 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 1996-97 Expended Budget. The State Testing figures are provided by the Department, not Orange-Ulster BOCES, so those figures were not included in the scope of the audit.

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 the following areas that need improvement in the Report Card.

Data Accuracy and Supporting Documentation

Data included in the Report Card must be valid and reliable in order to be used effectively. BOCES officials are given the opportunity to review the Report Card prior to its release. Each section displays charts and graphs to present data on the enrollment, completion, tuition, and/or data expressed as a percentage of local totals or statewide totals.

Career and Occupational Education Section

Career/Occupational Education is a two-year program for secondary students in grades 11 and 12. The Department did not specify which date to use for enrollment figures or which students to include or exclude in the data reported. Tuition data are taken from the Chapter 602 Report.

- Orange-Ulster BOCES' enrollment and completers reported under the Completion Rates section are not accurate. The Report Card shows reported enrollment as 5,748 and completers as 2,115 when data provided during the audit showed 1,291 for enrollment and 455 for completers.

The audit determined that Orange-Ulster BOCES incorrectly combined the enrollment and completers for all programs (Career/Occupational Education, Adult Education, and Special Education).

- Orange-Ulster BOCES provided a list of 453 Career/Occupational Education completers which is 2 less than the 455 completers on the form originally provided to the audit. However, the Department's report "Career Ed-2 (Secondary) – Follow up Report for Secondary Students Who Graduate in 1998" submitted by Orange-Ulster BOCES only shows 433 completers. This is 20 fewer than the supporting list of student names and 22 fewer than the data supplied to the audit.

The Report Card, with the incorrect enrollment and completers information, was submitted to Orange-Ulster BOCES before its release but officials failed to notify Information and Reporting Technology Services (IRTS) that the numbers were incorrect before the final release of the Report Card. When the information presented in the Report Card is not valid or reliable, the Report Card cannot effectively be used as a tool for the continuous improvement of BOCES programs and services, or used to provide reliable information to communities.

Orange-Ulster BOCES officials have changed their procedures so the Directors of Career Education and Special Education work together in order to ensure that numbers are correct and not duplicated. They stated they will also use the same date for all enrollment data. In addition, they will define the various categories of students and will use consistent definitions for student categories such as completers, dropouts, and graduates.

Alternative Education Section

BOCES operate alternative school programs for students at risk of dropping out. The objective is to retain these students in the Alternative Education Program until they graduate or return to a regular school setting. The Department did not specify a date for enrollment figures. Enrollment and tuition are shown for three years.

- Orange-Ulster BOCES did not report any students receiving a high school diploma in the "Student Outcomes" section for the 1997-98 school year, but reported the number of Alternative Education students who received diplomas during the 1995-96 school year. The audit was informed that this information was not reported because Orange-Ulster BOCES does not actually award high school diplomas. They only

recommend to the student's component district that the student receive a diploma.

Orange-Ulster BOCES should obtain this information so the students' records can be updated to reflect the fact that the students received a high school diploma. In addition, the total number of students that are reported in the "Student Outcomes" section should be equal to the enrollment. However, without reporting on the students who received high school diplomas, they cannot be equal.

- Orange-Ulster BOCES was able to provide a list of names that supports the enrollment of 159 students for Alternative Education with only an immaterial exception (one student was included twice). However, the breakdown on this list did not support the breakdown of students in the "Student Outcomes" section. See the chart below for comparison.

Per 97-98 Report Card		Diff	Per BOCES List of Names	
HS Diploma	0	(31)	31	Graduating Seniors
				Students that received a GED Diploma (includes using a student's name 33 twice)
				(1) Less duplicate
GED	31	(1)	32	
Exited	21	21		
				Students that remained in 70 BOCES Program
				Transportation and Learning Center Projected 5 Enrollment
				Commerce Learning Center Projected 20 Enrollment
Remained in BOCES Program or returned to school district	74	(21)	95	
Total	126	(32)	158	Total
Alternative Ed Student Enrollment	<u>159</u>	<u>1</u>	<u>158</u>	Total

Orange-Ulster BOCES agrees that the Alternative Education data were incorrect and states they will report information consistent with Department definitions and guidelines. They will also track students and review the data before submission to make sure that outcomes information agrees with the total number of students.

Adult Education Section

BOCES sponsor both Adult Occupational Education programs and Adult Basic Education courses. Placement results for the 1997-98 Adult Occupational Education programs will not be available until late Spring because agencies have 180 days from the date of graduation to follow-up on any program that requires a license or exam. The results were reported in the 1998-99 Report Card.

- The unduplicated Adult Education enrollment was shown as 2,556 when it should have been 3,374. The incorrect figure was the result of a deduction made by the Department for 818 students labeled as “Unknown” for ethnic group and gender. The Report Card, with the incorrect enrollment and completers information, was submitted to Orange-Ulster BOCES before its release but officials failed to notify IRTS that the numbers were incorrect before the final release of the Report Card.
- Under the Improved Literacy Results section, the Improved Literacy column for Reading Level 6-8.9 was reported as 295 but should have been 452.

The information for the Improved Literacy Results table comes directly from the “Adult Basic and Adult Secondary Program Report.” When IRTS is preparing the table, it requests the data from Office of Workforce Preparation and Continuing Education (OWPCE). In this case, OWPCE provided the incorrect information for the Improved Literacy column for Reading Level 6-8.9. However, Orange-Ulster BOCES did not notice the error so it could be corrected before the Report Card was released.

- The Report Card showed that 74 students obtained part-time employment and 61 students obtained full-time employment (a total of 135 students). However, the audit reviewed the list of 135 names and found that only 24 students obtained part-time employment (50 less than the Report Card), and 111 obtained full-time employment (50 more than the Report Card).
- Orange-Ulster BOCES supplied a computer database containing information related to the Adult Education programs. The audit found that, with minor exceptions, the database had more students than were reported on the “Adult

Basic and Adult Secondary Program Report” for each area reviewed. In addition, 63 students on the computer database had both male and female designations assigned to them and/or were assigned two different ethnic groups or an ethnic group and “Unknown.” The audit could not determine if this resulted in duplicate counts on the “Adult Basic and Adult Secondary Program Report.”

Orange-Ulster BOCES agrees the Adult Education data are incorrect. They state the problem was faulty computer software used to track these data. They have purchased a new software program and have trained personnel in how to use the software. They have also instituted new administrative procedures for enrolling and registering Adult Education students that allow them to track such items as gender, ethnicity, reading level, employment status, veteran status, disability status, as well as several other categories.

Recommendations

1. Review data on the draft Report Card to ensure accuracy.
2. Report the number of students receiving a high school diploma for Alternative Education.
3. Maintain accurate data for Adult Education.

Comments of Orange-Ulster BOCES Officials

Orange-Ulster BOCES officials concur with these recommendations.

Chapter 602 Report

The Chapter 602 Report is compiled by the Department's BOCES and School District Organization (BSDO) unit. The information used by BSDO comes primarily from the SA-111 and "Data Collection Forms" submitted by the BOCES.

The 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 is to include changes from the previous year to the report year for all data.

An objective of this audit was to evaluate wide ranges of costs identified in the Chapter 602 Report and understand reasons for the variances. Another objective was to determine the accuracy of the Chapter 602 Report data and the adequacy of the supporting documentation. The following describe the audit's findings.

Occupational Education Section

- Orange-Ulster BOCES did not maintain documentation to support the enrollment used to calculate the tuition rates for the Occupational Education program.

Special Education Section

- Orange-Ulster BOCES did not maintain documentation to support the enrollment used to calculate the tuition rates for Special Class Options II, III, and IV.
- Orange-Ulster BOCES did not maintain documentation to support the number of sessions used when calculating the tuition rate for Related Services (Speech Pathology, Physical Therapy, Occupational Therapy, and Counseling Services (including Rehabilitation)).

Itinerant Services Section – Visually Impaired Teacher

- Orange-Ulster BOCES did not maintain supporting documentation for or the methodology used to calculate the tuition rate for the Visually Impaired Teacher.

The Department's BSDO requested tuition rate information on activity code 4650 for the Speech Impaired Teacher. However, Orange-Ulster BOCES provided tuition rate information on activity code 5130. Therefore, the tuition rate that is reported on the Chapter 602 Report for Speech Impaired Teacher is not correct since it is based on the incorrect activity code.

General Education Section – Alternative Education

- Orange-Ulster BOCES did not maintain supporting documentation for the information used to calculate the tuition rate for Alternative Education.

The Department's BSDO requested tuition rate information on Criteria/Guide Numbers 5873 and 5878 for Alternative Education. However, Orange-Ulster BOCES provided tuition rate information on Criteria/Guide Number 5916.

The audit requested further clarification from Orange-Ulster BOCES regarding the services provided under Criteria/Guide Number 5916 and the type of students receiving these services. However, Orange-Ulster BOCES did not supply this information and the audit was not able to determine if Orange-Ulster BOCES was using the incorrect Criteria/Guide Number for the services or the incorrect Criteria/Guide Number when reporting the tuition rate for Alternative Education.

The audit could not verify if the tuition rates for the above areas were based on the appropriate attendance and cost data. As a result of supporting documentation not being maintained, the above-mentioned Chapter 602 Report tuition rates and other reported data cannot be relied upon to make meaningful comparisons with other BOCES.

Orange-Ulster BOCES officials state they followed the directions given by the Department for reporting Chapter 602 Report information. They said they were unaware they had to show how they obtained the tuition rates and had to maintain documentation. They state they will attach copies of supporting documentation to requested forms in the future.

The supporting documentation is to be maintained by the BOCES to be provided upon request by the Department or an audit.

Recommendation

4. Maintain documentation to support tuition rates reported to the Department.

Comments of Orange-Ulster BOCES Officials

Orange-Ulster BOCES officials concur with this recommendation.

Report Card and Chapter 602 Report

IRTS uses information from the Chapter 602 Report when preparing the Report Card. Consequently, the underlying nature of the information that is submitted to the Department for the Chapter 602 Report should be comparable to the underlying nature of the information that is submitted to the Department for the Report Card. If it is not, information reported in the Report Card could be misleading and cause users to come to incorrect or unreasonable conclusions about the performance of the BOCES.

Discrepancies Between the Report Card and the Chapter 602 Report

Orange-Ulster BOCES claims the pupil count for the Chapter 602 Report is based on billings and Full Time Equivalent students whereas the enrollment for the Report Card is taken at a specific date. As a result, the following discrepancies were noted between enrollment on the Chapter 602 Report and the Report Card.

Section	Year	Report Card (enrollment)	Chapter 602 Report (pupil count)	Difference
Career/ Occupational Education	96-97	1,264 (Based on OEDS report)	1,172	92
Career/ Occupational Education	97-98	1,292 (Based on OEDS report)	1,254	38
Alternative Education	97-98	159 (Based on submission of BOCES)	115	44

Because the tuition rate on the Report Card comes from the Chapter 602 Report and the enrollments are somewhat different, the tuition rate on the Report Card is not a true reflection of the enrollment on the Report Card. Therefore, the tuition rate should not be used for accurate analysis, such as projecting the costs of the program or when comparing tuition rates among BOCES. Orange-Ulster BOCES needs to ensure it is using the same method to measure attendance for both the Report Card and the Chapter 602 Report.

Orange-Ulster BOCES reported "NA" (meaning not available) for pupils and tuition per pupil under Alternative Education for the 1996-97 school year on the data collection forms BSDO

uses to prepare the Chapter 602 Report. Enrollment and tuition were reported for Alternative Education for the 1996-97 school year on the Report Card. However, because of the difference in information reported on the Report Card and the Chapter 602 Report, the information could be incorrectly interpreted.

Orange-Ulster BOCES officials agree there were discrepancies between the Chapter 602 Report and the Report Card. They believe the reason for the discrepancies is that the Chapter 602 Report is a net tuition (based on actual costs after refunds) and actual participation report. The Report Card, on the other hand, uses budgeted tuition rates based on an estimated number of students and/or an actual number of students at a specific point in time. They will check to ensure that the Report Card information is consistent with the Chapter 602 Report information.

Recommendation

5. Ensure that data for the Report Card and Chapter 602 Report are consistent by using tuition rates based on actual expenditures.

Comments of Orange-Ulster BOCES Officials

Orange-Ulster BOCES officials concur with this recommendation.

Employment Preparation Education (EPE)

Orange-Ulster 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 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.

Orange-Ulster BOCES received a total of \$1,513,668 in EPE aid for the period July 1, 1997 through June 30, 1998, 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 Orange-Ulster 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 Orange-Ulster BOCES.

The audit found that Orange-Ulster BOCES: could not adequately support 8,681 contact hours for \$34,203 in EPE Aid; rounded up contact hours claimed; could not adequately document attendance sheets; overstated contact hours due to clerical errors; and underclaimed contact hours that were eligible for aid.

Reported Contact Hours Were Overstated

Part 168 of the Regulations of the Commissioner of Education (Regulations) and Department policy govern the determination of contact hours eligible for EPE aid. Hours claimed by Orange-Ulster BOCES must be for eligible students and adequately documented. Students are eligible for EPE aid if they are 21 years of age or older and do not have a high school or equivalency diploma.

The audit found that Orange-Ulster BOCES rounds all partial EPE contact hours to whole numbers. In addition, Orange-Ulster BOCES does not use a consistent method to round the numbers. In some cases, Orange-Ulster BOCES rounded EPE

contact hours by day by student, in some cases monthly for each student, and in some cases for all students for the month. According to Orange-Ulster BOCES officials, this is due to a limitation of the database software used to track EPE contact hours as it will not accept less than full hour increments. Consequently, EPE contact hours are overstated.

As a result, the audit recommends that Orange-Ulster BOCES recalculate their EPE contact hours and submit corrected figures for the 1997-1998, 1998-1999, and 1999-2000 school years.

Orange-Ulster BOCES officials agree that the contact hours were incorrect due to rounding. They have purchased new software that has the capability to accumulate partial contact hours.

Computer Database Does Not Support EPE Contact Hours

Part 168 of the Regulations and Department policy govern the determination of contact hours eligible for EPE aid. Hours claimed by BOCES must be for eligible students and adequately documented. Students are eligible for EPE aid if they are 21 years of age or older and do not have a high school or equivalency diploma.

Orange-Ulster BOCES uses a computerized database to track information on all Adult Education students. The audit obtained a copy of the computerized database and compared it to information either given to the audit or reported to the Department by Orange-Ulster BOCES. The audit found the following discrepancies:

- In total, the computer database only supported 373,246 contact hours for EPE eligible students which is 8,681, or 2.27 percent, fewer than the amount reported of 381,927. The audit was not able to determine the reason for the discrepancy. These hours equate to \$34,203, which will be withheld from future payments.
- In the computer database, the year is divided into four semesters using the codes SU97, FA97, WI98, and SP98. Orange-Ulster BOCES records contact hours in the computer database on a monthly basis.

The audit found that many contact hours appeared to be recorded under the incorrect semester. For example, the audit found that EPE contacts were recorded under the SU97 code for all 12 months of the year (see chart below for a summary). The audit is uncertain if the EPE contact hours were miscoded or if they were duplicated.

	SU97	FA97	WI98	SP98	Total
Jul-97	36,680	584	0	1,407	38,671
Aug-97	27,464	(55)	0	93	27,502
Sep-97	21,595	7,409	0	60	29,064
Oct-97	17,543	16,001	0	0	33,544
Nov-97	10,783	15,053	0	0	25,836
Dec-97	10,331	20,360	0	60	30,751
Jan-98	7,836	12,755	6,134	0	26,725
Feb-98	5,588	12,293	11,621	120	29,622
Mar-98	5,976	10,738	9,998	9,415	36,127
Apr-98	4,256	6,998	5,556	12,885	29,695
May-98	3,987	5,870	5,926	17,914	33,697
Jun-98	3,380	4,537	3,708	20,387	32,012
Total	155,419	112,543	42,943	62,341	373,246

Total for hours in appropriate semester 216,092

Total for hours in inappropriate semester 157,154

Shaded areas are for EPE contact hours that were recorded under months in inappropriate semesters. By recording EPE contact hours under an inappropriate semester code, Orange-Ulster BOCES and the audit have less assurance that the contact hours are not being recorded more than once in the computer database.

- Students in the computer database had more than one social security number. Orange-Ulster BOCES uses the student's social security number in the computer database to identify the student. However, Orange-Ulster BOCES claims that it is not always able to get the student's social security number at the time of enrollment. Orange-Ulster BOCES says that most of the duplicate social security numbers are for prisoners and students without social security numbers (such as non-US residents) at the time of enrollment who later obtain social security numbers.

When a student does not provide or does not have a social security number at the time of enrollment, Orange-Ulster BOCES makes up a number for the student using a letter as

the last digit of the number. It does not appear that Orange-Ulster BOCES checks records when students re-enroll later and provide their social security number. This seems to be the cause of the duplicate records.

Orange-Ulster BOCES needs to ensure that there are no duplicate records for the same student in the database. The chance that contact hours may be entered twice for the same student increases since the student has more than one social security number.

Orange-Ulster BOCES officials state that the new software will have the capability to correct the areas cited above.

Contact Hour Documentation

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 Form. 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 districts or BOCES must maintain classroom attendance rosters of all students who attend EPE programs.

The audit reviewed 66 of 80 attendance sheets provided by Orange-Ulster BOCES for the 1997-98 and 1998-99 school years and found that information on EPE attendance sheets was not always adequately documented.

The documentation maintained for EPE contact hours was not always adequate, consistent, and/or complete. Because Orange-Ulster BOCES did not have adequate attendance documentation and did not calculate EPE contact hours in accordance with Department guidelines, Orange-Ulster BOCES and the audit have less assurance that EPE contact hours are being properly reported and claimed.

Orange-Ulster BOCES officials concur that some of the attendance documentation was incorrect. They have purchased a new software program for Adult Education that will enable them to maintain accurate attendance data.

Class Size

Under Section 168.3(b) of the Regulations, EPE class enrollment size should not exceed 20 students unless a waiver is approved. The Regulations refer to the number of students enrolled in a class (listed on the attendance register), not the number of students who actually attend.

Of the 80 attendance sheets reviewed, the audit found enrollment exceeded 20 students on 39 attendance sheets, or 49 percent of the time. Orange-Ulster BOCES did not request or obtain a waiver to exceed the maximum enrollment of 20 students per class. Because Orange-Ulster BOCES had classes with enrollment in excess of 20 students and did not request waivers, Orange-Ulster BOCES is not in compliance with the Regulations.

Recommendations

6. Recalculate contact hours for the 1997-98, 1998-99, and 1999-2000 school years when rounding was used and submit corrected figures.
7. Maintain adequate documentation to support contact hours claimed.
8. Claim only actual class time for contact hours. Do not round up to the nearest hour.
9. Improve procedures to collect, record, and summarize contact hours accurately.
10. Ensure waivers are obtained in advance when it is expected that the EPE class size will exceed 20 students.

Comments of Orange-Ulster BOCES Officials

Orange-Ulster BOCES officials concur with these 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. The audit reviewed several processes and found opportunities for improvement in the areas of accounting and reporting of related service costs, proper use of Criterial Guide Numbers, policies and procedures for accounting and personnel areas, and implementation of audit recommendations.

Inappropriate Accounting and Reporting of Related Service Costs

According to the Department's BOCES Administrative Handbook #1, participating districts must agree on one of the following methods of charging for related services for pupils enrolled in BOCES classes.

- A per pupil rate, including both basic service and related service costs, charged for each enrolled pupil whether or not each pupil receives related services.
- Separate rates may be established for basic instructional service and related services. Within this method, either of two options may be chosen:
 - (a.) Charges may be pooled within a service program and a per pupil charge for all related services established.
 - (b.) Charges may be based on the actual cost of services provided to individual pupils.

Orange-Ulster BOCES officials use a separate code in their accounting records to track and accumulate information on related services. At the end of the school year, Orange-Ulster BOCES prorates the related service costs to the Special Education CO-SERs based on the number of students, not the number of sessions. As a result, related service costs are accounted for in the Special Education CO-SERs instead of being segregated by service type (e.g., physical therapy, occupational therapy, etc.) under their own CO-SERs.

Orange-Ulster BOCES officials agree with these findings and state they have purchased a new software program that tracks

the number of related services by student within each program. This information is summarized on a monthly and annual basis, forwarded to the component school district for verification, and then forwarded to the business office for billing.

Use of Unapproved Criteria/Guide Numbers for Special Class – Option III

According to Education Law Section 1951.3:

“In developing and adopting a budget pursuant to this article for the nineteen hundred ninety-eight--ninety-nine school year and thereafter, each board of cooperative educational services shall use the uniform and specific taxonomy for service programs and activities prescribed by the commissioner pursuant to paragraph a of this subdivision.”

According to the May 1998 edition of the BOCES Administrative Handbook #2 – Criteria/Guidelines for Approval of BOCES Services, the approved Criteria/Guide Number approved for Special Education Services – Staffing 1:12:1 [Special Class Option III] is 4220. Orange-Ulster BOCES is using Criteria/Guide Numbers 4222, 4223, and 4224 for Special Class Option III which have not be approved by the Department. As a result, Orange-Ulster BOCES is not in compliance with Education Law Section 1951.3 and Handbook #2 for the Criteria/Guide Numbers used for Special Class Option III.

Orange-Ulster BOCES officials state they used the fourth digit in the Activity Code to indicate sub-sections within each program. They confirm they will make the fourth digit “0” rather than send in a report where the Activity Code shows sub-section identification numbers.

No Written Policies and Procedures in Accounting and Personnel Areas

Components of an effective internal control structure are written "control procedures" which are established policies and procedures. Policies and procedures define management's position and guide employees in the performance of their duties.

Orange-Ulster BOCES can improve their written policies or procedures for the accounting and personnel functions. The

audit believes that written policies and procedures are valuable in the following ways:

- Provide employees, especially new employees, with written guidelines.
- Allow substitute workers to perform the tasks of regular employees while the regular employee is absent.
- Establish clear expectations of employees which helps in assessing their performance.
- Ensure consistent procedures are followed to eliminate errors.

Orange-Ulster BOCES officials agreed that there needs to be more specific written policies and procedures for both accounting and personnel sections. Therefore, the policies and procedures will be reviewed annually, revised as appropriate, and submitted to the Board for approval.

Lack of Implementation of Some Independent Auditor Recommendations

According to Section 170.3(a) of the Regulations, each BOCES is to secure an annual audit of all funds by a certified public accountant or by a public accountant [independent auditor]. As part of the audit process, the independent auditors assess the internal control environment in accordance with Generally Accepted Auditing Principals. In addition, the independent auditors also review compliance with applicable laws and regulations (those of the Department and other federal, State, and local regulatory authorities). Based on this review, the independent auditors may make recommendations to improve internal controls, policies and procedures, and/or processes. Orange-Ulster BOCES is not required to implement these recommendations.

However, the independent auditors may make recommendations to change internal controls, policies and procedures, and/or processes to ensure compliance with applicable laws and regulations. BOCES are required to implement these recommendations to be in compliance.

The independent auditors made 14 recommendations to Orange-Ulster BOCES as a result of their audit of the 1997-98 school year. Of these, Orange-Ulster BOCES has not acted upon or implemented five recommendations as follows.

- Establish and maintain a master file for all employee change of status sheets in a chronological date order.
- For federal programs, Orange-Ulster BOCES should instruct the program directors not to exceed budgets. Orange-Ulster BOCES officials stated they have done this but the program directors do not always comply. Orange-Ulster BOCES needs to institute policies and procedures to prevent this.
- The risk retention fund should be reported in the general fund with an offsetting reserve of operating fund balance for risk retention purposes (in 1997-98 there were liability and unemployment insurance reserves). Orange-Ulster BOCES officials stated they have separate funds in the books in order to accrue interest. The audit believes subsidiary ledgers could be used to track accrued interest.
- Perform internal audits of Extraclassroom Activity Funds at interim periods during the year. Orange-Ulster BOCES officials said the independent auditors do this once per year and believe that it is sufficient.
- For Special Aid summer school programs, Orange-Ulster BOCES should close out outstanding credit balances when final reconciled rates are received from the State and transfer any outstanding funds to the appropriate parties.

Orange-Ulster BOCES officials responded that they did not ignore the recommendations. They state they annually review the independent auditor's findings with the program directors with respect to deficiencies and make adjustments to procedures to satisfy the findings. They state that the Extraclassroom Activity Funds have been a problem and they will continue to try to correct the deficiencies. They have reviewed the outstanding credit balances in the Summer Special Education account and have returned funds where appropriate.

Recommendations

11. Report related service costs, segregated by service type, under their own COSER.
12. Improve procedures to ensure related service costs are prorated based on the number of sessions.

13. Use only approved Criteria/Guide Numbers for Special Class Option III.
14. Establish formal written policies and procedures in accounting and personnel areas.
15. Implement independent auditor recommendations in a timely fashion to improve internal controls and compliance with laws, regulations and Generally Accepted Accounting Principals.

Comments of Orange-Ulster BOCES Officials

Orange-Ulster BOCES officials concur with these recommendations.

Data Collection and Use

BOCES have been asked five questions regarding data collection and use. The questions are being asked to ascertain best practices that might be shared among the BOCES. The following are the responses of Orange-Ulster BOCES' Instructional Services Division 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?

Orange-Ulster BOCES' Response

The Orange/Ulster BOCES collects data in many different areas relating to the efficient and economical operation of component schools. This is true in both academic and operational programs, processes and procedures. These data are compiled, shared with district and used as a problem solving tool with Boards of Education, Chief School officers and general Administration.

What specific data do you use?

Specific data includes demographic data, negotiations data, risk and safety management data, patterns for progress planning data and budgetary data.

Where does the data come from?

These data are derived from state, county and local sources including the State Education Department Website, School Report Cards, LEAP data and BED'S data. These data are usually obtained in a paper format however; there is an increasing availability and reliability on electronic data.

Is there any other data you wish you had?

Additional data may be helpful but more importantly is the compilation, configuration and presentation of existing data in a format that will make it clear and understandable for decision making purposes.

Question 2

What data do you collect and how do you use it to help component schools improve student?

Orange-Ulster BOCES' Response

The Orange/Ulster BOCES collects data to improve student outcomes. These data are analyzed, processed and fed back to the districts for individual district performance goals, setting the agendas for Chief School Officer's meetings, BOCES curriculum and staff development initiatives, as well as the development of new programs and services directly related to the improvement of student performances.

What specific data do you use?

Specific data used in this process includes student achievement scores on all state tests, including the new ELA and Math assessments at grade 4 and 8, Regents examinations, data on students with disabilities (IEP), who are housed at the BOCES campus, district classrooms or placements outside the county. Student data on Career and Technical education, students' demographic data, attendance data, dropout and student suspension data are also used.

Where does the data come from?

This data comes from School Report Cards, State Education Department reports, LEAP data, data from CTB McGraw Hill, the Regional Information Center and the State Education Department Website.

Is there any other data you wish you had?

Access to data on regents scores would be extremely helpful in assisting districts with student performance in those areas. It would also help, as in the previous question, if we were given better capabilities to manage the data in a decision making format rather than endless lists of students and scores.

Question 3

What data do you collect and how do you use it to improve BOCES student outcomes?

Orange Ulster BOCES' Response

The Orange/Ulster BOCES collects data on student performances, disabilities, demographics and home school performance to assist in providing instruction for BOCES students.

What specific data do you use?

Specific data includes students' scores on state and national exams, such as the ASSET test, demographic data, IEP data, teachers' anecdotal records, parent information and medical records.

Where does the data come from?

The data comes from the Regional Information Center, BOCES data basis and files, as well as, the State Education Department and VESID.

Is there any other data you wish you had?

There are no additional data at this time that would be particularly beneficial. However, again the manipulation and management of the existing data could be refined through such things as data warehousing.

Question 4

How would you like to see the BOCES report card changed if possible?

Orange-Ulster BOCES' Response

The BOCES report card could be enhanced by the addition of one year programs to the vocational and technical portion of the report. The addition of such programs as New Visions would provide a much clearer picture of the alternative education programs. It would also be helpful to break out instructional technology provided by the local BOCES and administrative technology provided by the Regional Information Center, combining the two blurs the picture.

Do you think it fairly and accurately represents your BOCES' performance?

Yes, it does for the most part.

Question 5

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

Orange-Ulster BOCES' Response

No opinion.

Follow Up - Previous Audit Findings

Recommendation Implementation Plan

Orange-Ulster BOCES did not submit a Recommendation Implementation Plan (Plan) as required by the Department. An Orange-Ulster BOCES official stated that they thought their response to the previous final audit report was sufficient to satisfy this requirement. However, they did include in their response to the preliminary audit findings for this audit the status of the previous nine recommendations in the final audit report issued on March 3, 1998. The listed status of each recommendation is based solely on Orange-Ulster BOCES' response and not on audit testing or review.

Recommendation 1: Establish procedures to ensure that EPE expenditures are accurately identified, segregated, accumulated and allocated

Implementation Status: Orange-Ulster BOCES has reviewed their procedures with respect to coding on purchase orders and believe expenditures will be accurately identified, segregated and allocated. (Implemented)

Recommendation 2: Ensure the value of the Orange-Ulster BOCES inventory is accurately reflected in the financial records.

Implementation Status: The BOCES states they have changed to a historical basis that they believe puts them in compliance with GAAP and GASB 34. (Implemented)

Recommendation 3: Establish written procedures for recording employee attendance.

Implementation Status: The BOCES believes their current system has worked well for over 25 years, but will reduce to writing the procedures so there will be no misunderstanding by employees. (Implemented)

Recommendation 4: Establish written policies for travel reimbursement.

Implementation Status: BOCES states they will review current procedures and develop written guidelines to cover expenditures for travel and conferences. (Implemented)

Recommendation 5: Establish procedures to ensure non-overnight travel reimbursement is accounted for in accordance with IRS rules.

Implementation Status: BOCES states they will consult with their CPA about overnight meal reimbursement. (Partially Implemented)

Recommendation 6: Charge the entire cost of the District Superintendent's vehicle to Administration.

Implementation Status: BOCES states they will charge the District Superintendent's vehicle to the Administrative Budget. (Implemented)

Recommendation 7: Establish procedures, accurately segregate and accumulate personal service costs by CO-SER.

Implementation Status: The BOCES has reviewed the duties of all employees working in the Business Office and has changed the allocation of salaries to comply with the audit's findings. (Implemented)

Recommendation 8: Maintain documentation of personal service cost allocations.

Implementation Status: BOCES stated they will continue to review the distribution of work for each employee in the business office. (Implemented)

Recommendation 9: Establish procedures to accurately document the allocation of Operation and Maintenance expenses.

Implementation Status: The BOCES will establish procedures to document how they allocate expenditures to service programs. (Implemented)

Orange-Ulster BOCES
Contributors to the Report

- Calvin Spring, Audit Manager
- John Cushin, Associate Auditor (Auditor-in-Charge)
- Louise Costello, Senior Auditor

**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.

C.C. Spring
J. Cushin

New York State Education Department
**OFFICE OF THE
SUPERINTENDENT OF SCHOOLS**
Sole Supervisory District of Putnam and Westchester Counties
YORKTOWN HEIGHTS, NEW YORK 10598-4399

Telephone: (914) 248-2300
FAX: (914) 248-2308

Donald J. McKenzie
District Superintendent

January 28, 2002

Mr. Daniel Tworek, Director
Office of Audit Services
New York State Education Department
89 Washington Avenue, 524 EB
Albany, NY 12234

RECEIVED
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OFFICE OF
AUDIT SERVICES

Dear Dan:

Attached is the overdue audit response for the September, 2000 preliminary audit findings for Orange/Ulster BOCES. The text of this response was prepared and written by Mr. William Ingles, Business Administrator for Orange/Ulster BOCES.

I appreciate your patience regarding this delay. Please also express my appreciation to Cal for his understanding.

Sincerely,



Donald J. McKenzie

THE UNIVERSITY OF THE STATE OF NEW YORK

THE STATE EDUCATION DEPARTMENT

Sole Supervisory District of Orange-Ulster Counties

53 Gibson Road

Goshen, New York 10924-9777

Donald J. McKenzie
Interim District Superintendent of Schools

Tel: (845) 291-0100

Fax: (845) 291-0118

January 25, 2002

Mr. Daniel Tworek, Director
Office of Audit Services
New York State Education Department
89 Washington Avenue, 524 EB
Albany, NY 12234

Dear Mr. Tworek:

I have reviewed your draft relating to the audit of the Orange-Ulster Board of Cooperative Educational Services (BOCES) for the period July 1, 1997 through June 30, 1998. I thank you for the opportunity to respond to the results and recommendations of your report.

In general, we agree with your findings. However, we do disagree with some of the conclusions based on your findings. We have made changes to some of our procedures based upon your recommendations and will review the remaining areas to see how we can comply with your recommendations.

1. IMPLEMENTATION PLAN - An implementation plan was not submitted as a result of the last audit, however, we were unclear as to the need for an implementation plan given our original response to you. In the future, BOCES will review the audit findings and develop a specific implementation response to each finding.
2. DISTRICT SUPERINTENDENT'S VEHICLE - It is true that we did not implement your prior findings. Since we disagreed with the conclusion and thought we had given an adequate response to the question. Although you suggest an allocation method, that method appears to clearly entail more bureaucratic red tape to accomplish the same result. However, in the future, BOCES will charge the Superintendent's vehicle to the Administrative Budget and then go through the process of finding fair-market value to credit back the Administrative Budget when the Superintendent is no longer using the vehicle.
3. IRS ACCOUNTING FOR NON-OVERNIGHT AND MILEAGE EXPENSES - The Orange-Ulster BOCES reimburses all employees for necessary and reasonable expenses incurred in the performance of their job duties. BOCES does not have a set reimbursement schedule for each meal or a fixed reimbursement schedule for travel (including overnight stays), but rather reimburses employees for actual expenses. Expenses (except for mileage) must be supported by receipts and other written documentation. Mileage is reimbursed at the IRS regulations for

the miles actually traveled. A monthly log is used to record mileage. BOCES does not believe that we are in violation of any IRS rules regarding the reimbursement of expenditures for mileage, meals and lodgings. However, we will again seek advise from our Independent Auditor to be sure that we are not in violation of IRS regulations.

4. TRAVEL REIMBURSEMENT GUIDELINES - BOCES will review our current procedures and develop written guidelines to cover expenditures for travel and conferences. We still have a concern however, that by establishing guidelines for expenditures, that guideline will become the amount employees believe they can spend, thereby increasing our total costs for travel and conference.
5. INCORRECT VALUATION OF FIXED ASSETS - At the time of the last audit, BOCES valued fixed assets on a second value basis. Since that time, we have changed to a historical basis which I believe is in compliance with GAAP as well as GASB 34. We have requested the Industrial Appraisal Company to change their reports to provide the historical costs for each item on future reports. That effort is fully under way and should be completed by the end of this fiscal year.
6. EPE EXPENDITURE ALLOCATION - BOCES agrees that in the prior audit "one" expenditure was not allocated properly due to human error. We have reviewed our procedures with respect to the accuracy of coding on purchase orders and other payments and we believe these procedures will ensure that expenditures are accurately identified, segregated and allocated in the future.
7. TIME AND ATTENDANCE RECORDS - The vast majority of Orange-Ulster BOCES employees are hired on an annual contract basis. Their work day has been defined by collectively bargained contracts and in administrative regulations. Each employee is hired for a specific job category. The job category defines the work day. For example: Teacher and Teacher Aides (the majority of our employees) are hired for a specific program and/or class. The collectively bargained contract governs the working hours for those positions. Likewise, clerical and secretarial staff are hired to work during BOCES normal business hours, 8:00 am to 4:00 pm or 8:30 am to 4:30 pm. These employees also have a collectively bargained contract that defines the terms and conditions of their employment. There are a few exceptions to the above employee categories. Each department takes a daily attendance of all employees. Absences are noted and forwarded to the Business Office on a regular basis. Absences and the reason for the absence are recorded by the Business Office attendance clerk. For each absence the employee must complete an "Attendance Report" form which gives date of the absence and the reason for the absence. The employee's supervisor must sign the report and forward copies to the Business Office attendance clerk who will verify the employee's attendance report against the daily attendance report submitted by the department. At the end of each year, each employee is sent a report of his or her attendance listing the days of absences, the reason for the absences and the cumulative balances remaining on our attendance records. Although all aspects of this system have not been reduced to writing, this system has not been a problem for our employees to understand and has worked well for over 25 years. However, BOCES will review and reduce to writing our current procedures so that in the future there will be no misunderstanding by our employees.

8. PERSONNEL SERVICE COSTS - As a result of the last audit, BOCES reviewed the duties of all employees working in the Business Office. As a result, the allocation of salaries to Service Codes for the various individuals in the Business Office has been changed to comply to the audit findings.

Although more individuals have a smaller portion of their salaries allocated to the Health Plan and Workers Compensation Plan, the total allocation of Business Office personnel to these functions is not materially different then before. BOCES will continue to review the distribution of work for each employee in the Business office to ensure that personnel services are allocated and accumulated accurately.

9. OPERATION AND MAINTENANCE ALLOCATIONS - BOCES will establish procedures to document how we allocate expenditures to service programs in the future.
10. INDEPENDENT AUDIT RECOMMENDATIONS - BOCES does not agree that we ignored the Independent Audit recommendations. In fact, we annually review the Independent Audit findings with Program Directors with respect to deficiencies cited in the Independent Audit Report. We have made adjustments to our procedures which we and the Independent Auditor believe at the time would satisfy their findings and in instances where they did not, made additional changes in order to resolve any deficiencies.

The recommendations made by the Independent Auditor on the Extra Classroom Activity Funds have been problems. Again, we have reviewed these issues with the Program Directors in an attempt to resolve the problems. It is difficult to achieve 100% error-free accounting when working with high school students who are learning the process for accounting and record keeping of Student Activity Fund records. Never-the-less, we will continue to try to correct the deficiencies in the future.

BOCES has reviewed the outstanding credit balances in the Summer Special Ed programs and has returned funds where appropriate. BOCES is continuing to monitor this area and will refund credit balances when all information has been completed and final returns have been received.

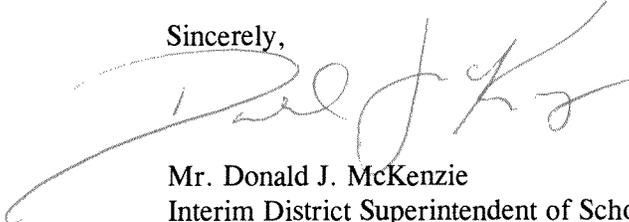
11. REPORT CARD/CAREER AND OCCUPATIONAL EDUCATION - Review of the information revealed that the data on the Report Card was incorrect. Because of the definition that we used, students were included in the number that should not have been included. In the future, the Directors of Career Education and Special Education will work together in order to ensure that numbers are correct and are not duplicated. We will also use the same date for all enrollment data. In addition, we will define the various categories of students and we will use consistent definitions for student categories such as completers, dropouts, and graduates.
12. REPORT CARD/ALTERNATIVE EDUCATION SECTION - We agree with your findings that the Report Card was incorrect. In the future, we will report information consistent with you definitions and guidelines. We will also track students by your definitions in the future. We will review the data before submitting it to make sure that outcomes information balances with the total number of students.

13. REPORT CARD/ADULT EDUCATION SECTION - We agree with your findings that the information is incorrect. The problem was that the computer software used to track this data did not work properly. We have reviewed several new software packages for tracking Adult Education programs and students. We have purchased a new program and trained personnel in how to use the software. We have also instituted new administrative procedures for enrolling and registering Adult Education students that allows us to track such items as gender, ethnicity, reading level, employment status, veteran status, disability status as well as several other categories. The complete information, therefore, should be available for future review and audit.
14. CHAPTER 602 REPORT/OCCUPATIONAL EDUCATION SECTION -BOCES followed the directions that were given to us by the State Education Department for reporting 602 information. We were unaware that we had to show how we obtain our answer and document that answer by showing all work. In the future, we will attach copies of our support data and attach all adding machine tapes with that document to show how we arrive at our answer.
15. CHAPTER 602 REPORT/SPECIAL EDUCATION SECTION - BOCES followed the directions that were given to us by the State Education Department for reporting 602 information. We were unaware that we had to show how we obtain our answer and document that answer by showing all work. In the future, we will attach copies of our support data and attach all adding machine tapes with that document to show how we arrive at our answer.
16. CHAPTER 602 REPORT/ITINERANT SERVICES SECTION - BOCES followed the directions that were given to us by the State Education Department for reporting 602 information. We were unaware that we had to show how we obtain our answer and document that answer by showing all work. In the future, we will attach copies of our support data and attach all adding machine tapes with that document to show how we arrive at our answer.
17. CHAPTER 602 REPORT/GENERAL EDUCATION SECTION - BOCES followed the directions that were given to us by the State Education Department for reporting 602 information. We were unaware that we had to show how we obtain our answer and document that answer by showing all work. In the future, we will attach copies of our support data and attach all adding machine tapes with that document to show how we arrive at our answer.
18. REPORT CARD AND CHAPTER 602 REPORT DISCREPANCIES - We agree that there were discrepancies between the Chapter 602 Report and Report Card. We believe the reason for the discrepancies is that the 602 Report is a net tuition and actual participation report. The Report Card, on the other hand, used a different basis for reporting the tuition (Budgeted tuition rates) which is based on an estimated number of students and/or an actual number of students at a specific point in time. In the future, we will check the information to ensure that the Report Card information is consistent with the 602 Report information.
19. EPE CLASS SIZE - We agree with your findings that we did not obtain a waiver for enrollment in excess of 20 students. We have purchased a new Adult Education software tracking system that will allow us to track this information more consistently and accurately in the future.

20. EPE CONTACT HOUR DOCUMENTATION - We agree with your findings that some of the data was incorrect. We have purchased a new software program for Adult Education that will enable us to maintain accurate attendance data in the future.
21. EPE REPORTED CONTACT HOURS - We agree that the contact hours were incorrect due to rounding. The program that we used did not have capacity to accumulate partial contact hours. We have purchased a new software program that has the capability to accumulate partial contact hours. Therefore, in the future, we should be able to report contact hours correctly.
22. EPE DATABASE USED TO TRACK CONTACT HOURS - We agree with your findings. We have changed our procedures to require identification of school districts for each participant rather than mark unknown. We have purchased a new Adult Education software program that is able to address all of the areas where you have concerns.
23. INAPPROPRIATE ACCOUNTING AND REPORTING OF RELATED SERVICES - We agree with your findings. The Special Education Department has purchased a new software program that tracks the number of related services by student within each program. This information is summarized on a monthly and annual basis, forwarded to the component school district for checking and forward to the Business office for billing. The new software package will allow BOCES to report consistent with your guidelines.
24. USE OF UNAPPROVED CRITERIA/GUIDE NUMBERS FOR SPECIAL CLASS - OPTION III - BOCES used the fourth digit in the Activity Code to indicate sub-sections within each program. In the future, we will make the fourth digit "0" rather than sending in a report where the Activity Code shows a sub-section identification number.
25. NO WRITTEN POLICIES AND PROCEDURES IN ACCOUNTING AND PERSONNEL AREAS - BOCES does have a written manual which addresses the accounting and personnel sections. We do agree, however, that there needs to be more specific written policies and procedures for both accounting and personnel sections. The policies and procedures will be reviewed annually, revised as appropriate and submitted to the Board of Education for approval.

If you require any further clarification, please let me know.

Sincerely,



Mr. Donald J. McKenzie
Interim District Superintendent of Schools