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# Audit Report

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Rensselaer-Columbia-Greene  
Board of Cooperative Educational Services

For the Period

July 1, 1998 through June 30, 1999

BOC-1299-5

April 23, 2002

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





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April 23, 2002

Mr. Robert Gibson  
Board President  
Questar III  
10 Empire State Boulevard  
Castleton, New York 12033

Dear Mr. Gibson:

The following is our final audit report (BOC-1299-5) of Rensselaer-Columbia-Greene Board of Cooperative Educational Services (BOCES) for the period July 1, 1998 through June 30, 1999. 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, C. Szuberla, C. Foster (DOB), J. Dougherty (OSC), J. Baldwin, District Superintendent

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# Executive Summary

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## **Background and Scope of the Audit**

Rensselaer-Columbia-Greene (Questar III) BOCES ranked as the 23rd largest BOCES in the State, in terms of total general fund expenditures, for the 1998-1999 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, 1998 through June 30, 1999. The Employment Preparation Education (EPE) Program was reviewed for the July 1, 1998 through June 30, 1999 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 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.

- EPE contact hours eligible for aid were overstated by 1,447 hours for a total of \$5,687 in excess EPE aid. (pages 3-5)
- Report Card data supporting documentation can be improved. (pages 6-7)
- Opportunities exist for improving management processes pertaining to safeguarding cash receipts and segregation of duties in the finance and payroll areas.(pages 11-13)

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# Introduction

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## 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 New York State Board of Cooperative Educational Services Report Cards (Report Cards). Chapter 436 of the Laws of 1997 made 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 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.

Questar III is headquartered in Castleton, New York and serves 21 component districts which have enrollments of more than 39,000 students. Questar III ranked 23rd largest in the State, in terms of total fund expenditures, for the 1998-99 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 data contained in the BOCES Report Card and the Chapter 602 Report for the period July 1, 1998 through June 30, 1999. We followed up on the status of prior recommendations made in audit report number BOC-0797-1

and reviewed the Employment Preparation Education (EPE) Program for the period July 1, 1998 through June 30, 1999. 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 BOCES management and staff; examined records and supporting documentation; sampled transactions on a non-statistical basis; and reviewed Questar III' 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 Questar III Officials**

Questar III officials agreed with the findings and recommendations in this report. Their comments have been included where appropriate and their response is included as Appendix B to this report.

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# Employment Preparation Education

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Questar III operates an Employment Preparation Education (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.

Questar III claimed a total of \$279,233 in EPE aid for the period July 1, 1998 through June 30, 1999, based on reported contact hours. However, they only received \$252,440 due to a prior year overpayment of \$26,793. The audit found that Questar III needs to improve its system for identifying, documenting and accumulating certain EPE 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 Questar III 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 Questar III.

The audit found that Questar III claimed hours for students who had passed the GED test and claimed excess hours for students in overlapping classes. The total net contact hours ineligible for State aid amounts to 1,447 which equates to \$5,687 in EPE aid.

## **Reported Contact Hours Were Overstated**

Education Law Section 3602(24) states that school districts and BOCES providing approved programs shall be eligible for aid for the attendance of persons 21 years of age and older who have not received a high school diploma or a high school equivalency diploma recognized by New York State. Students must attend EPE programs provided by such school districts or

BOCES, which lead to a high school diploma or high school equivalency diploma.

Regulation 168.2(a) defines EPE programs as programs leading to a secondary credential for individuals who are at least 21 years of age and who have not received a high school diploma or equivalency diploma issued by any state or territory of the United States.

To ensure that EPE revenues paid to the district or BOCES are appropriate, contact hours must be documented and provided to eligible students. Otherwise, such contact hours will be questioned upon audit and revenues will be reduced accordingly.

The audit found the following conditions related to the EPE Program:

- Questar III claimed EPE hours for students who had passed the New York State General Educational Development (GED) test. The audit compared Questar III' EPE database to the Department's GED database and found eight EPE students who had a GED diploma. BOCES found that six of the students falsely stated they did not have a diploma, so those hours are eligible. Two students were claimed as the result of input errors and the audit disallowed their hours (148 contact hours, or \$582, in EPE aid for 1998-99.
- The audit found one instructor who reported contact hours for students in a morning Adult Basic Education (ABE) class that exceeded the actual three hours of class time. Questar III explained that some students attended both the morning and afternoon classes. However, the student's name only appeared on the morning class roster. The audit reviewed the attendance records for the entire year and found 20 students who claimed more than three contact hours per class. The audit disallowed all hours above the three hours for a total of 152 contact hours, or \$597, in EPE aid.
- Another instructor had morning and afternoon classes in ABE and High School Equivalency (HSE) with overlapping start/end times. The morning ABE/HSE classes ended at 12:30 pm, while the afternoon ABE/HSE classes started at 11 am. Students who attended both classes were claimed for eight contact hours. Allowing for

a 30-minute lunch, the maximum hours for both classes would be six. Questar III could not explain why the instructor claimed eight contact hours instead of six. Therefore, the audit is questioning two of the eight hours, or 25 percent of the total ABE/HSE hours, at the Troy Access Center (4,589 x 25 percent = 1,147 hours) or \$4,508 in EPE aid (1,147 hours x \$3.93).

Overall, Questar III was compliant with claims for EPE Program aid. Some improvement is needed in maintaining attendance information. The audit determined that 1,447 out of a total 71,052 contact hours, or two percent of total EPE hours reported, were not eligible for EPE aid. As a result, Questar III will need to make restitution of \$5,687 (1,447 hours x \$3.93 per hour).

## **Recommendation**

1. Improve procedures to ensure that reported contact hours reflect eligible students and accurate attendance.

## **Comments of Questar III Officials**

Questar III officials concur with this recommendation.

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# Report Card

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New York State's Board of Cooperative Educational Services Report Cards (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. BOCES officials are given the opportunity to review the Report Card prior to its release.

The Report Card addresses: 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 BOCES, so those figures were not included in the scope of the audit.

## **Data Accuracy and Supporting Documentation**

An objective of this audit was to determine the accuracy of the Report Card data and the adequacy of the supporting documentation. Questar III revised the original 1997-98 Report Card due to inaccuracies found with the database in use at the time. Once a new database was employed, a revised Report Card was produced. Because the published Report Card was admittedly inaccurate, the audit focused on the revised Report Card.

Although several areas were noted where Report Card data were not accurate or supported by schedules and/or student listings, overall the Report Card data were reasonably accurate considering this was the first year of the Report Card. The differences are noted as follows:

### *Career/Occupational Education*

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. Placement data were determined by a telephone survey of prior year completers.

- Completers: Questar III reported 246, but student listings totaled 214, a difference of 32.
- Placement Rates: Questar III reported 165, but no supporting documentation was provided for the telephone survey.

### *Adult Education*

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 which requires a license or exam. The results will be reported in the new Report Card.

- Unduplicated Enrollment: 3,415 reported; 3,418 documented (understated by 3).
- Improved Literacy for Reading Level 6-8.9: 177 reported; 335 documented (overstated by 158).
- Improved Literacy English for Speakers of Other Languages (ESOL) I & II: 0 reported; 96 documented (understated by 96).

In addition, the Report Card was not sent to local newspapers, as required by law.

The BOCES Report Card was new in 1997-98 and, as such, the Department was not certain which report statistics would best represent a BOCES outcome. The BOCES Report Card has been modified each year since the first report. Reporting inconsistencies could be due in part to a lack of definitive Department guidelines while the Report Card format is changing.

Questar III program areas provide all reported figures to the Computer Services Specialist, who summarizes them for the Report Card. Supporting documentation is not attached to the reported figures, so the program areas are relied upon for accuracy. This could explain the few differences in the Report Card data.

Overall, the few errors found in the Report Card should not materially affect the information that is presented. Questar III has questioned the usefulness of the Report Card in terms of reflecting performance and feels that the Report Card is more quantitative than qualitative.

## **Recommendation**

2. Improve procedures to ensure the accuracy of Report Card data.

## **Comments of Questar III Officials**

Questar III officials concur with this recommendation.

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# Chapter 602 Report

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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 (Chapter 602 Report) beginning January 1, 1996. The 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 report is to 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.

The audit compared the Chapter 602 Report data to the data in the Annual Financial and Statistical Reports of BOCES (SA-111), and found the following differences:

- The tuition for Special Education Option II was overstated by \$689 (\$11,507 instead of \$10,818).
- Net Administrative expenditures allocated to components were understated by \$10,218.

Questar III used the following methodologies to report certain statistics on the Chapter 602 Report. The Department has not provided definitive criteria concerning how many hours to use in determining employee FTE nor about which students should be included in the Alternative Learning Program enrollment.

- Questar III is using a five-hour day for reporting FTE employees for itinerant services. We have noted that other BOCES use different lengths of time to determine FTEs. We have found that the length of time varies from five to seven hours.
- The Alternative Learning Program enrollment only includes full-day students, not students enrolled in Vo-Tech

or GED. We have found that other BOCES have included these students in their enrollment figures.

No significant effect resulted from the few differences noted. Questar III was accurately reporting most data in the Chapter 602 Report and there were no major variances with statewide averages.

No recommendation is being made.

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# Opportunities to Improve Management Processes

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Management is responsible for establishing effective management processes or controls. Management controls include establishing the goals and objectives of the organization and the methods and procedures adopted by management to ensure that the 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 hiring of retirees and the policy on awards and acknowledgments.

## **General Business Office Controls Need Improvement**

The Office of the State Comptroller's Financial Management Guide (Guide), Volume 2, Subsection 11.0101, states that effective internal control systems are designed to ensure management that all resources entrusted to their care are used in accordance with all laws, regulations, policies and sound business practices, where applicable. In addition, all resources should be safeguarded against waste, loss and misuse.

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

The Guide provides a Self-Evaluation Questionnaire in Subsection 11.3020. One of the subsections of the questionnaire deals with the cash management function and has several questions dealing with bank reconciliations and cancelled checks.

## **Safeguarding Assets**

- Questar III keeps cash receipts in a safe that is locked overnight but unlocked during the day. The safe is located

in a closet that contains blank check stock and cash receipt forms and is also unlocked during the day.

- Questar III Education Centers send cash receipts to the Administration Office, but do not receive confirmation that the cash receipts were received and deposited. This would increase accountability and lower the risk that such receipts could be diverted without detection.
- Questar III did not record cash receipts received in the mail, but has since begun to do so. This was implemented after the 1998-99 school year in response to fraud that occurred at another BOCES.

## **Segregation of Duties**

- One method of properly segregating duties for the cash function would be to designate an independent person to perform the bank reconciliations. At Questar III, the assistant fiscal officer performs the monthly bank reconciliations. The audit does not believe the assistant fiscal officer is independent of the cash function because she maintains the General Ledger and reports to the Treasurer, who also has several financial responsibilities. In addition, the audit does not believe that the reconciliation process was complete because there is no review of cancelled checks. Controls would be improved by assigning an independent person the responsibility of preparing the bank reconciliations and management should periodically review the bank reconciliations.
- The Treasurer also has many duties that should be segregated. The Treasurer is responsible for many cash functions and operates with little oversight. The Treasurer is responsible for the accounting entries for grant revenues and expenses, preparing all journal entries, and has access to cash receipts, blank check stock, and cash receipt books. The Internal Auditor does spot-check a few of the hundreds of journal entries.
- Proper segregation in the payroll process involves restricting payroll clerks from accessing signed payroll checks. Until recently, Questar III clerks delivered signed payroll checks to employees. This by itself may not be very material; however, the audit determined that management did not review the payroll register for

accuracy. These two factors increase the risk that improper paychecks may be issued without detection. Payroll clerks no longer deliver signed payroll checks to employees and Questar III has since instituted procedures for the Personnel Director to certify the payroll. These procedures were provided to us. Questar III also plans to perform an annual payout in the future.

An independent review of all of the Treasurer's duties would provide a compensating control, since the Treasurer has control over so many financial areas. Questar III has suggested using their independent auditors to perform this function.

Questar III officials agree that improvements could be made in internal controls over the safeguarding of cash receipts and the segregation of duties in the bank reconciliation, grants, and payroll areas.

## **Recommendation**

3. Improve procedures to ensure the safeguarding of cash receipts and the segregation of duties in the finance and payroll functions.

## **Comments of Questar III Officials**

Questar III officials concur with this recommendation.

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# Data Collection and Use

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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 Questar III' Instructional Services Division of these questions.

## Questions 1 and 2

What data do you collect and how do you use the data to help component schools increase their performance and student outcomes 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?

## Questar III' Response

- Functioning as a resource and checkpoint to ensure accuracy of data and identify discrepancies in district reporting. This has become especially significant as a service to our districts as RIC's have become involved in the LEAP process. It also allows us to compile the data of all the districts and measure improvement throughout the supervisory district.
- Foundation for district planning and for our own strategic planning activities.

Questar III also collects a subset of data through the Comprehensive System for Personnel Development (CSPD) which must be filed by each school district and reviewed by the SETRC Director. These data are identified from VESID's Key Performance Indicators (KPI) and includes elementary test scores, numbers and types of diplomas awarded, incidents of drop out, classification rates, integration of special education students in general education classrooms and service in separate settings. These data are reviewed using an assessment of state standards worksheet helping to determine the gap between the school district performance and the assessment goals. It also guides the development of SETRC in-service programs for school district staff.

Other data in summary form is reviewed annually in the district report cards and the statewide profile of educational statistics published annually by the State Education Department.

The second category of data collected by Questar III is financial data. Because of the presence of the State Aid Planning Service, we are able to collect and generate significantly more financial data than any other BOCES. The staff at the State Aid Planning Service provide school districts, statewide, with a resource essential to effective annual and long-term planning. These financial data are also used in the budget development activities conducted by this organization.

There are also other sorts of data collected by Questar III that enables us to help component school districts increase their performance and improve student outcomes. Questar III operates a data analysis and program evaluations center. The center draws upon the other two data banks, as well as specific student and program data to conduct its analyses. For instance, an evaluation was conducted for one of our component school districts on the educational impact of their kindergarten program as it restructured from half-day to full-day. A high school support systems review was conducted for another component school district, as they considered how to restructure the current high school in the context of raising standards and the need to get all students through the Regents. Training sessions are also conducted by this staff for team building initiatives in the school districts as staff expertise has become a component of the CDEP Planning Process provided by this organization.

Another example of data collected by this organization is a result of surveys that we conduct for specific purposes. For instance, we recently collected data from all of our districts to identify the number of teachers that would be needed in our region within the next three years. We also asked for the number of pre-service teachers who had contact with our districts as student teachers over the last year. The data indicates that 641 teachers will need to be hired by our districts over the next three years. We also know that the most difficult access to new teachers will be experienced by our cities and rural districts. This information has caused us to put together a coalition of higher education representatives to work with our districts on the preparation and placement of new teachers. It has also guided us in the development of a grant application to provide technology, pre-service and inservice programs for those new teachers.

Questar III has embarked upon a concerted effort to collect increasing amounts of data over the last five years and to develop the capacity to analyze and drive decisions based on increased access to data.

Measuring both school performance and improving student outcomes through a database of process requires access to data more easily and with greater consistency. For instance, last year's effort of the State Education Department to collect cohort data regarding the ELA 11th grade Regents demonstrated the inconsistencies which lead to interpretation of data from district to district. It would also be useful to access data on retention rates profiling student attendance, ethnicity, gender, language proficiency, socio-economic level and other variables. This is essential for us to redesign thought and systems for the most difficult of our students without turning to special education to answer their needs. Having consistent data sets and definitions around dropouts would be extremely helpful as would it for tracking performance of the GED alternative.

### **Question 3**

What data do you collect and how do you use them 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?

### **Questar III' Response**

Question number three is in direct relation to questions number one and two. Information provided for those questions pertains in part to question three and in particular relating to BOCES students. Other data collected are utilized to improve BOCES student outcomes through program evaluation, staff inservice or program changes. Both qualitative and quantitative data are collected and utilized.

Questar III collects data through formal and informal systems for the purposes of improving Questar III student outcomes, as well as improving programs and services serving our students. The following is a listing of the types of data collected by Questar III:

- Questar Strategic Plan 1998-2003 and 1993-1998
- Technology/Literacy Challenge Fund Program Evaluation

- BETAC Budget/Department Oversight
- Staff Development Service Evaluation
- BOCES Report Card/Questar III Data Analysis
- Staff Survey Development
- School Leadership Forum
- Questar III Student Exit Standards
- 1998 Service Satisfaction Survey (Special Reports)
- 1997-98 Questar III Program/Service Standards
- Annual Report Data
- Non-Instructional Standards Forum Report (Sept. 1998)
- SETRO Needs Assessment Analysis/Report (July 1998)
- Alternate Learning Program Evaluation (June 1998)
- Challenge Program Evaluation (June 1998)
- Staff Development Program Evaluation Development/Report (June 1998)
- Supported Employment Survey Development (June 1998)
- Graduation Requirement Forum Report (Dec. 1997)
- Superintendent Focus Forum (August 1997)
- PASS Program 2nd Annual Report (June 1997)
- Standard Awareness Training Evaluation (April 1997)
- Goals 2000/Shared Decision Making Evaluation (Jan. 1997)
- State Aid Planning Workshop Evaluations (January 1997)
- Biennial Service Satisfaction Survey (Dec. 1996)
- Staff Development Presenter Questionnaire/data base development (9/96)
- Focus Forum on Redesigning Special Education (February 1996)
- PASS 1st Annual Report (July 1995)
- Student attendance and enrollment data
- Medicaid service provision data
- Personnel records regarding attendance/in-service education

The following describes where Questar III obtains data and how specific data is used:

The biennial Questar III District Survey is a formal and systematic data collection activity conducted by Questar III to improve student outcomes, programs and services. The Questar III District Survey was initiated in 1994 as part of our strategic plan implementation. In each survey, school district personnel indicate their level of satisfaction with our programs and services. The 1994 survey was designed to determine how component districts internally assess and plan for Questar III

services and to ascertain district personnel's perceptions of most outstanding and least efficient services. In 1996, the survey focused on perceptions of quality of Questar III services in general. The 1998 survey requested, additionally, that respondents indicate the primary reasons for their service satisfaction ratings.

District personnel are asked to suggest improvements for the services with which they are least satisfied and to recommend programs and services currently not offered by Questar III. The questionnaires to collect the data are distributed to the superintendents of our component districts and other district personnel, including assistant superintendents, building principals, business officials, guidance counselors, committee on special education chairs and other staff who have first hand experience with Questar III programs and services. The data is compiled into a formal report which provides specific detail on the results of all programs and services. The findings and results are reviewed with the Questar III Board of Education, superintendents of local school districts, school building principals, committee on special education chairs, assistant superintendents, Questar III administrative staff in charge of the programs and services, and faculty who directly deliver the programs and services to students. Each of these groups investigate the results of the survey and design implementation strategies to improve program outcomes for students. In addition, strategies for program improvement, program redesign, and new programs are implemented as a result of the data reported.

Questar III also utilizes the results of these surveys to implement in-depth studies of programs that have demonstrated less than high quality satisfaction by consumers. During the 1997-98 school year, two such in-depth studies were conducted on Questar III's special education Challenge Program for students with emotional disabilities and Questar's Alternative Learning Program for at-risk Students. Relatedly, Questar III used student enrollment data to identify fluctuations and trends in program enrollments. More specific data was gathered regarding current program practice from additional stakeholders, including parents, students, faculty, superintendents, principals and guidance counselors, as well as committees on special education, where appropriate. The specific data gathered consisted of the following:

1. Questions and concerns from stakeholders regarding the programs.
2. Information regarding current program curriculum and instruction.
3. Current methods of demonstrating student progress and program success.
4. Trends in program effectiveness using existing indicators.
5. Perception of program effectiveness and future needs among all stakeholders.
6. Recommendations for program improvement.

The data collected in these two in-depth studies was analyzed by Questar III's Program Evaluation and Data Analysis Service and specific recommendations were developed. The results of this data were shared with all stakeholder groups, including parents, students, faculty, Questar III and school districts administrators and committee chairpersons. An outgrowth of sharing the data was a specific implementation plan that would pursue each of the recommendations in an effort to improve the programs and student outcomes within these programs. Implementation plans specifically focused on the following:

- Clear and common definition of the Questar III Challenge and Alternative Learning Programs.
- Improved interdisciplinary curricula that better meets the New York State Diploma Requirements and Learning Standards.
- Increased quality teaching.
- Best practices classroom management and behavior strategies.
- Improved communication procedures with parents and sending districts.
- Staff development on alternative models of instructional delivery, standards and assessments, and behavioral approaches.
- New continuum of services with additional program offerings to serve individual needs of the students.

Report card results including outcomes data, enrollment data and the results of our students' performance on the New York State Standards and Assessments are also used to develop new programs, change the delivery of curriculum and instruction in our programs, as well as to delete obsolete programs and services.

Data on the needs of our students in meeting the new graduation requirements has had major impact on creation of new programs and services at Questar III. Specifically, during the 1998-99 school year, Questar III worked extensively with school district personnel, Questar III administrators and Questar III faculty members in redesigning the Career Technical Education Programs in order to integrate academics. In an effort to prepare students attending Questar's Career Technical Education Programs to meet the graduation requirements, academic subjects in English and Math, Social Studies, Science and other subjects are being offered to students for credit. In addition, the curriculum in the technical skills areas of each Career Technical Education Program has been modified to respond to the new standards in English and Math. Tutoring and instruction are offered to juniors and seniors in preparation for passing the January and June Regents exam. Ongoing staff development is offered to faculty in standards and assessments, and instructional approaches that improve quality teaching.

We need to evaluate the new educational initiatives involving the integration of academics into the career programs being offered at the Columbia-Greene and Rensselaer Educational Centers. Such an evaluation would help determine attitudes of Ed Center teachers, students, parents of students, and sending school administrators, counselors, and teachers regarding their perceptions regarding the success and effectiveness of this new initiative in the current school year. This evaluation will also incorporate quantitative student data and, thereby, be similar to the process used to evaluate the Alternative Learning Program described above.

The Career Technical Education Graduate Follow-up Survey conducted annually by our Career Development Center is another measure of student outcomes. The data collected in this report is used to develop priorities that improve the outcomes of specific populations of students completing programs and gaining employment in specific jobs and related fields.

The results of the new standards and assessments data have also been used to design new programs and services and are now offered in Questar's catalog of Shared Opportunities for 2000-01. In order to offer more rigorous opportunities to students in meeting the new standards and assessments, programs such as New Visions in Health Policy and Environmental Sciences, Communications/Television,

Engineering, Medical and Allied Health have been designed for students. Additional academic intervention services in English Language Arts and Math, Science Technology have been developed and offered to school districts and students in Questar programs.

In addition to data collected from the Regional Survey of Districts and other evaluations, Questar III has been led by two Strategic Plans (1998-2003 and 1993-98). The mission, beliefs and objectives of Questar's Strategic Plans have created specific strategies that have resulted in continuous change, restructuring and improvement in delivery of programs and services to our region's students.

The number of new programs initiated over the last five years and their longevity was recently compiled. All superintendents within the supervisory district were visited within the last month and an overview of Questar III and its programs were informally discussed.

In regard to other data, the following are continually developed:

- Evaluations are conducted on each of the major grants operated by Questar III.
- We will evaluate Questar III's Special Education program delivery. The evaluation will seek to determine the effectiveness of the delivery of Special Education services to our component school districts and will include feedback from students, parents, community agencies, as well as school district personnel.
- Additional data to guide the development of our Professional Development Plans are also being generated and utilized by that committee.

#### **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?

## Questar III' Response

School district report cards were generated as part of a desire for increased statewide educational accountability. School districts, regardless of their size or locations statewide, have a singular public purpose - high school graduation for all students at the higher standards and meeting the new assessments. Those report cards have been based on student results on statewide testing and other student data. Even on school district report cards there have been questions raised regarding the identification of similar districts for comparability and the use of the average grade equivalent data.

This desire for accountability of the public K-12 education system was extended by the establishment of a BOCES report card. It too struggles for validity and meaning.

Both aspects of accountability and comparability are questionable as they are currently reported.

If the BOCES report card was to be changed, it should incorporate a measure of how well we are doing with our students on meeting standards, i.e., What percentage of the Special Ed populations of our region are being served in BOCES programs? and What percentage of those students are taking and passing Regents?, How are our Special Education populations performing on the 4th and 8th grade tests? Performance data could also be gathered for success on Regents exams for those students taking applied academics at the career and vocational centers. Such reporting would add to the data collection effort statewide, to the general purpose of the accountability system and, perhaps, add performance competition to this system. Similarly, for areas of curriculum and professional development, we collect data about participant knowledge gained and district satisfaction that would add an element of performance to the report card other than numbers of districts participating and number of professional staff trained. Finally, while each of us functions under an approved COSER for every service, there are real variations in what is included that allows a shadow to be cast over the validity of the comparison.

In this particular three-county region, we have for the last five years reported at our Annual Meeting to the districts data similar to what is now included in the report card about the supervisory district. We contend that it is an essential function

of the BOCES to provide those services that will assist boards and educators within each of the component and non-component districts to demonstrate student results to which we all aspire.

As you will be able to tell from the answer to the previous three questions, we are constantly collecting data about our performance in all areas and evaluating our programs and services in an effort of continuous improvement. Our districts know this as a value shared between this organization and the leadership of those districts.

## **Question 5**

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

## **Questar III' Response**

Over the past two years, we have attempted to coordinate the data reported from this organization to the State Education Department because we have found that a different question asked on a different form reported by different individuals can yield significantly different results. For instance, within career and technical education, some data collected on the OEDS form might be asking enrollment information about exiting seniors, while tuition information may be reported on enrollment numbers without differentiation of other sub populations (e.g., special education students or alternative education students). There would also be a discrepancy at any moment in time and between billing numbers and attendance numbers.

The 602 report specifically attempts to generate consistent BOCES reporting across the state. The parenthetical direction to exclude adults aside, requested data is subject to interpretation when differentiating among those students at the secondary level who attend occupational education programs and those designed for special needs populations only. Ambiguity allows the possibility that a BOCES which does not would end up with lower tuition rates than a BOCES that does. In the area of special education, one BOCES may interpret "the actual number of students differently than another. Additionally, those BOCES offering special education programs without bundling related services into the tuition need to do one less step to compute the annual tuition per pupil

than do those of us who include some degree of related service in the program tuition.

Issues such as these are not a direct answer to the question of what would I like to see added, deleted or modified, but are provided as an attempt to give you some descriptive insight into the difficulty of reporting accurately, and how that extends to undermine the ability to use the data in a comparative way.

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# Follow Up – Recommendation Implementation Plan

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On January 11, 1999, the Office of Audit Services issued a final report on management practices, records and documentation related to selected areas of Questar III (Questar III). The report contained 15 recommendations to improve operations. Questar III submitted a *Recommendation Implementation Plan* for each recommendation on January 15, 1999.

Questar III successfully implemented or otherwise satisfied eight recommendations. Seven recommendations were partially implemented. Questar III is reviewing and updating its policies related to many of the partially implemented recommendations.

**Recommendation Number 1:** Ensure compliance with retirement and Social Security Law when employing retired public employees.

**Action Plan:**

Any retiree being employed by Questar III will be required to complete a form entitled *Election to be Employed* Pursuant to Section 212 of the Retirement and Social Security Law. A similar form is being developed for retirees of the New York State Employees Retirement System. Upon completion of this form, it will be forwarded to the New York State Retirement System. Our employment application forms will also be modified to ascertain if an individual is currently retired from any New York State service.

*Person Responsible:* Ed Hallenbeck, Human Resources Administrator - Target Date: 7/1/99

**Implementation Status:** Partially implemented.

**Auditors' Comments**

A memorandum to "hiring supervisors" was issued on October 21, 1999 advising them of the required use of one of two possible forms when hiring retirees from the NYS Employees' Retirement System (ERS) or the NYS Teachers' Retirement System (TRS). These forms record the retirement status and advise of the income limitations. A new procedure for the "Process for Purchasing the Services of a Consultant" has been initiated, which includes a consultant agreement form and a W-9.

The audit reviewed 1099 forms for 1998 and 1999 and found one case where BOCES did not comply with retirement law. This involved a consultant designated by the Department who earned \$53,250 in 1998 and \$30,000 in 1999. Both years exceeded the earnings limits of \$14,500 in 1998 and \$15,500 in 1999, yet no waivers were granted to exceed the limits. This matter has been referred to ERS to determine whether the employee's retirement payments should be adjusted.

**Recommendation Number 2:** Ensure that sufficient detail is shown in the budget by using specific accounts, where applicable.

**Action Plan:**

A. As a result of the audit notation relative to the use of the miscellaneous account code, in the Spring of 1998, the Administrator for Organizational Performance conducted an organizational-wide review of items budgeted within the miscellaneous accounts for the 1998-99 school year to see if this object of expense code was being budgeted and used properly. Accordingly, expenditures from this code will be monitored to ensure accuracy and appropriateness of coding throughout the school year.

B. The Assistant Superintendent for Business and Management is conducting a mid-year review to determine appropriate use of this account code. Inasmuch as the audit suggests that this miscellaneous account code was over used; it is the intent of our organization to be as specific as possible in coding expenditures and only use a miscellaneous account code where there is no other more appropriate use of this account code provided in the uniform system of accounts. Additionally, the Assistant Superintendent for Business and Management will conduct business office training sessions in the spring and fall of 1999 to review guidelines and provide training in appropriate budget coding and monitoring.

*Person Responsible:* Robert Cavanagh, Assistant Superintendent for Business and Management -  
*Target Date:* 6/1/99

The Assistant Superintendent for Business and Management is a three-tiered review process to ensure appropriate budget code assignment. The purchasing agent, accounts payable personnel, and the internal claims auditor are all responsible for reviewing budget coding. The initial screening will be conducted by the purchasing agent and, subsequently, reviewed by the accounts payable personnel. Final approval will reside with the internal claims auditor. Any coding issues that cannot be routinely resolved will be referred to the Assistant Superintendent for Business and Management for final determination.

*Person Responsible:* Robert Cavanagh, Assistant Superintendent for Business and Management

**Implementation Status:** Fully implemented.

**Recommendation Number 3:** Ensure that services meet the sharing criteria for aidable CO-SERs.

**Action Plan:**

During the 1997-98 school year, all CO-SER filing was consolidated and assigned to the Assistant Superintendent for Instruction. In the implementation of this assignment, all currently operating CO-SERs were reviewed to assure appropriate State Education Department approval, compliance with criteria guidelines and sharing requirements. This process is now conducted annually.

*Person Responsible:* Nancy Gobel, Assistant Superintendent for Instruction - *Target Date:* Completed 1/98

**Implementation Status:** Fully implemented.

### **Auditors' Comments**

Driver's Education CO-SER 318 involves eight school districts and eight instructors. Instructors are split between districts so no more than .8 FTE of an instructor is assigned to a district, with one exception (Schodack had .9 FTE). The Department has clearly stated that there will be no aid if an instructor is more than .8 FTE, so Schodack should have its portion of the CO-SER paid without aid. Schodack was charged \$8,680 in 1998-99.

Questar III officials said they no longer operate Driver's Education programs in the districts but do offer it as part of their summer school program.

**Recommendation Number 4:** Ensure that documentation is available for all approved services offered to districts.

### **Action Plan:**

Questar III has established and will document a system to record all transactions, both verbal and written, with the SED Office of District Organizations so that appropriate documents will exist in the future. All CO-SERs currently offered have been reviewed and are in compliance with SED guidelines. Any new program offering must be reviewed with the Assistant Superintendent for Instruction and, if approved, the appropriate CO-SER and budget will be developed and forwarded to the State Education Department for review and approval prior to program initiation.

*Person Responsible:* Nancy Gobel, Assistant Superintendent for Instruction - *Target Date:* Implemented 1998-99 School Year

**Implementation Status:** Fully implemented.

**Recommendation Number 5:** Ensure services provided solely by third parties are not offered as aidable services to districts.

### **Action Plan:**

To assure continuous compliance in this area, we are in the process of developing a comprehensive contract management system. This will include management checkpoints to ensure aid is not inappropriately claimed for services solely provided by 3<sup>rd</sup> parties.

*Person Responsible:* Robert Cavanagh, Assistant Superintendent for Business and Management - *Target Date:* 5/1/99

**Implementation Status:** Fully implemented.

**Recommendation Number 6:** Submit revised expenditure report showing the correct aidable expenditures.

**Action Plan:**

A schedule has been developed whereby revised expenditures reports will be filed on October 1 of each year and updated as needed through December. A final year-end filing will be conducted prior to June 30 of each year.

*Person Responsible:* Robert Cavanagh, Assistant Superintendent for Business and Management -  
*Target Date:* Completed 7/1/98

**Implementation Status:** Fully implemented.

**Recommendation Number 7:** Improve procedures to ensure that expenditures are accurately charged to the appropriate COSERs; revenues and expenditures are properly matched; and transfers are accurate, consistent and documented.

**Action Plan:**

A. In order to ensure compliance, the following steps were taken:

1. Duties and responsibilities in the business office have been realigned to balance primary functions and workloads, enhance checks and balances, and strengthen planning capabilities (see new organization chart for Assistant Superintendent for Business and Management). This is currently being implemented and will be fully functional in the spring of 1999.

2. In preparation for the 1998-99 budget, the Assistant Superintendent for Business and Management conducted a review of the data used to substantiate allocations and transfers for expense items that are allocated among budgets throughout the organization. As a result of this study, the following has occurred:

Each facility was reviewed to determine the actual square footage on a room-by-room basis so a determination could be made in allocating the operation and maintenance cost on a square footage basis. This system will be computerized and supplemented by a CAD system to identify room locations and square footage data. The capabilities will be developed to reallocate costs as the room usage changes on a square footage basis. The revised information was used in preparation for the 1998-99 budget year. An operational computerized system using the CAD information will be operational in the fall of 1999.

3. On an annualized basis, a usage review will be conducted by the Assistant Superintendent for Business and Management to determine the cost allocation basis for centralized services. This data will be used to allocate budget estimates for the next school year.

*Person Responsible:* Robert Cavanagh, Assistant Superintendent for Business and Management -  
*Target Date:* 4/11/99

The State Aid Planning Service not only provides service to our component and non-component districts, but we also provide services to 576 additional school districts throughout the State of New York. In order to cover the costs associated with providing this service to districts that are not within the BOCES region, we have instituted an administrative fee. This administrative fee will be used to support our administrative budget on an ongoing basis.

*Person Responsible:* Robert Cavanagh, Assistant Superintendent for Business and Management -  
*Target Date:* Completed 7/1/98

**Implementation Status:** Partially implemented.

### **Auditors' Comments**

The audit found that Operations and Maintenance (O&M) cost allocations were based on documented square footage data. BOCES officials commented that using square footage was very cumbersome due to changing staff and funding sources for some programs.

In regard to the State Aid Planning CO-SER 621, the audit found that Questar III overcharged participating districts by \$268,463 for administrative costs. Questar III charged a 25 percent administrative fee which greatly exceeded the administrative costs of this CO-SER. Questar III needs to make a prior period adjustment to correct the overcharge. This will also impact the participants of CO-SER 621 and the components that pay for BOCES' administration costs. The average CO-SER 621 participant will be due an average refund of \$493, while the components will owe additional administrative charges based on RWADA. For example, the two largest components will owe the following: East Greenbush \$37,289, Averill Park \$26,873.

Questar III has suggested using a restricted indirect cost rate to charge administrative costs. This rate has been 2.3 percent for 1997-98 through 1999-00. The 2000-01 rate was 3.4 percent. The audit believes it is reasonable for Questar III to use the restricted indirect cost rate.

**Recommendation Number 8:** Improve procedures to ensure that attendance documentation is retained to support all reported contact hours; only those contact hours of eligible students are claimed for EPE Aid; and contact hours are accurately claimed in the correct year and documented.

### **Action Plan:**

A. Questar III has employed additional staff and revised and enhanced its information management system to ensure better accuracy in data collection and improved maintenance of data for the Employment Preparation and Education Program. To further enhance our capacity, Questar III has centralized the data management activity of the Employment Preparation and Education Program and is using a customized management information system to ensure that the

findings related to data collection for the program are addressed. Full-time staff have been added to manage data for the program, and for quality assurance.

B. After the 1997 audit of the Adult Ed information - the MIS department began the development of a new Student Tracking system. The report generation (output of the data) will be based on conditions set forth by State and Federal regulations, as well as Questar III internal needs. The internal reporting criteria will facilitate Questar III in planning for future changes and enhancements to the programs.

The new Adult Ed tracking system will be fully operational and in place on or about May 1, 1999. This will allow the Access Center to run the new application and the old application for a test period of several months. A review of the report data will be completed by program staff and SED staff. All data recording and reporting will occur under the new system after the successful test period and related staff training.

*Person Responsible:* Lisa Grossman, Specialist, Computer Services - *Target Date:* 9/99

**Implementation Status:** Partially Implemented.

#### **Auditors' Comments**

The audit's sample of EPE students showed that date of birth information was accurate for all of the students tested and some small problems were found with students with GED diplomas, as well as overstated attendance (see EPE section, pages 3-5).

**Recommendation Number 9:** Improve inventory controls by conducting annual physical inventories and by tracking movement and disposition.

#### **Action Plan:**

As a matter of record, on March 26, 1998 the Board approved a bid for Questar III to contract with Valuation Resource Management, Inc. to conduct a complete physical inventory of all items of equipment having a value of \$500 or greater. This value is in accordance with Questar III Fixed Assets Inventory Procedure filed and approved by the New York State Education Commissioner in January 1997. The inventory records are currently being reviewed and their computerized system is currently being installed and made operational so that this inventory can be maintained on an ongoing basis. It is anticipated that the computerized inventory tracking system will be fully functional for the beginning of the 1999-2000 school year. At the conclusion of this current school year, each location will receive a computerized inventory sheet and be asked to verify the information contained on the report and explain any discrepancies and/or obvious errors. Additionally, we are also planning to do a random sample of selected locations to verify the accuracy of the reports and be assured that the information is being reported correctly.

*Person Responsible:* Julie Best, Purchasing Agent - *Target Date:* 9/1/99

**Implementation Status:** Partially implemented.

## **Auditors' Comments**

A PC-based computerized inventory is operational with procedures developed and forms in use to reflect a system to track the fixed assets, including additions and deletions, and to conduct physical inventories. Valuation Resource Management, Inc. initiated the process with a physical inventory and upgrades have been made by the staff. Although not yet 100 percent implemented, a bar-coded system is well on its way to becoming operational. Auditors checked vehicles on the system with insurance coverage on Recommendation Number 11 and found some deficiencies in the deletion of disposed vehicles.

Equipment inventory – The audit tested equipment at the Hudson Center and found the following discrepancies:

The audit sampled 27 pieces of computer equipment and could not locate 5 of the 27 items tested. The 5 items were desktop computers, valued at approximately \$6,097. Questar III has found 3 of the 5 missing pieces of equipment and is in the process of inventorying the entire Hudson Center.

The audit found other computer equipment in the rooms containing the sampled equipment. The audit recorded 23 computer items, traced the items back to the inventory records, and found that the inventory records showed a different room location for 18 of the 23 items. The value of the 18 items was approximately \$25,145. This indicates that inventory records were not up-to-date because the Fixed Asset group is not being informed of changes in equipment location.

**Recommendation Number 10:** Ensure that procedures related to wage reporting and requirements for fringe benefits (personal vehicle use and employer paid life insurance) are adequate and result in proper accountability.

### **Action Plan:**

The District Superintendent has directed the Assistant Superintendent for Business and Management and the Treasurer to review annually Internal Revenue Service requirements with Counsel and Questar III Independent Auditors.

Procedures will be refined and necessary measures taken to ensure continuing compliance with Internal Revenue Service guidelines for all employees.

*Person Responsible:* Robert Cavanagh, Assistant Superintendent for Business and Management -  
*Target Date:* Ongoing

**Implementation Status:** Fully implemented.

## **Auditors' Comments**

The audit was provided with a log of the District Superintendent's personal vehicle use, for which Questar III was reimbursed. The audit also reviewed the DS contract for compliance with Education Law and found the contract provides for 6 family sick days and 5 bereavement days, in addition to sick days earned under M/C guidelines. Under M/C guidelines, family sick days and bereavement days should be charged to sick days as there is no provision that provides these days in addition to regular sick days. The audit did not find any problems with how the DS used sick time because the DS charged bereavement leave to family sick time. For future DS contracts, there should not be any language providing for separate family sick days and bereavement days.

**Recommendation Number 11:** Annually reconcile current vehicles with insurance coverage.

### **Action Plan:**

The Supervisor for Transportation has been assigned the responsibility to conduct a Quarterly reconciliation of all Questar III vehicles with our listing of insured vehicles. This will be filed with Assistant Superintendent for Business and Management.

*Person Responsible:* Robert Cavanagh, Assistant Superintendent for Business and Management -  
*Target Date:* Operational 1998-99 School Year

**Implementation Status:** Partially implemented.

## **Auditors' Comments**

The audit found some deficiencies in the removal of disposed vehicles from inventory records. Insurance coverage was accurate and up-to-date. The audit compared Questar III' Fixed Asset Inventory (inventory) with the Department of Transportation's Master Vehicle List and insurance records. The Master Vehicle List and insurance records were in agreement. The Questar III inventory proved to be inaccurate in two areas regarding vehicles.

Two recently purchased units, a 1999 Heavy Haul Trailer and a 2000 30-passenger bus, did not appear on the inventory but were noted on the Master Vehicle List and the insurance records. Twenty vehicles had been disposed of and deleted from the Master Vehicle List and the insurance records, but had not been removed from the inventory. Nine of the 20 vehicles were surplus in August 1999, but were still on the inventory on May 2000. BOCES has not provided the disposal date for the remaining 11 vehicles, so the audit cannot determine the length of time that these vehicles were improperly included on the inventory.

The two vehicles recently purchased had not been placed on the inventory. Although the changes in the status of vehicles is communicated accurately between the Transportation Department and the staff responsible for updating insurance records, those changes are not communicated to those maintaining the inventory records. This would result in an overstatement of Fixed Assets, which

would overstate assets on the balance sheet. Also, any future physical inventory of vehicles would incorrectly show these vehicles as missing.

**Recommendation Number 12:** Improve procedures to ensure that public funds are used only for necessary and reasonable expenses.

**Action Plan:**

The District Superintendent has directed that the Business Office no longer serve in any official capacity in the management of funds or purchase of goods or services for employee retirement or other events.

Agreements have been reached with the organization's bargaining units' presidents, in which they have agreed to be responsible for collection of funds for retirement or other events, and making appropriate disbursements.

*Person Responsible:* Robert Cavanagh, Assistant Superintendent for Business and Management -  
*Target Date:* Operational 1998-99 School Year

**Implementation Status:** Partially implemented.

**Auditors' Comments**

The teachers' union has assumed the expenses of retirement parties and charges employees. In addition, bottled water has been discontinued and employees reimburse BOCES for coffee fund expenses. However, the Board still provides flowers when there is a death. The Commissioner of Education has ruled that Article 8 of the New York State Constitution specifically prohibits school districts from making gifts of public monies. Such condolences are appropriately made from personal funds of school district employees, if they so desire.

**Recommendation Number 13:** Establish written policies that cover the use of Rensselaer BOCES vehicles, cash disbursements, overtime, and improve policies dealing with petty cash and the personal use of telephones by employees.

**Action Plan:**

A. A policy for cash distribution was developed and provided during the audit.

*Person Responsible:* C.L. Hadjioannou, Treasurer - *Target Date:* Completed

B. The Administrator for Human Resources has done a complete and thorough review of overtime issues and is currently working with counsel to clarify policies regarding eligibility.

*Person Responsible:* Ed Hallenbeck, Human Resources Administrator - *Target Date:* 4/1/99

C. At the Annual Board Reorganization Meeting, held on June 24, 1998, the Board adopted a resolution resolving the petty cash fund issues raised by the audit.

*Person Responsible:* Robert Cavanagh, Assistant Superintendent for Business and Management -  
*Target Date:* Completed 7/1/98

D. The Administrator for Human Resources has conducted a review of the employee handbooks to ascertain if appropriate information is contained relative to the organization's policy on personal use of telephones by employees. This study concluded that four of the five handbooks described the appropriate use of telephones by Questar III staff. The procedures for personal use of telephones will be entered into all employee handbooks that will be issued at the beginning of the 1999-2000 school year.

*Person Responsible:* Ed Hallenbeck, Human Resources Administrator - *Target Date:* 9/99

**Implementation Status:** Fully implemented.

**Recommendation Number 14:** Establish procedures to require mileage logs for fleet vehicles and identify as Rensselaer BOCES vehicles.

**Action Plan:**

BOCES fleet vehicles have been marked with a Questar III logo. Individuals who use the Questar III fleet vehicles maintain a vehicle mileage log that requires beginning and ending odometer readings, destination and driver name to help ensure that the vehicles are only used for authorized trips.

*Person Responsible:* Robert Rose, Head Bus Driver - *Target Date:* Implemented 9/1/98

**Implementation Status:** Partially implemented.

**Auditors' Comments**

During a physical inspection of vehicles at the Rensselaer Educational Center in Troy, it is apparent that fleet vans, trucks, and busses are clearly marked with Questar III BOCES logos. Administration cars are not marked. Transportation Director Robert Rose maintains logs and key security for fleet vehicles. Of the three Administration cars, only one did not have mileage records. Several BOCES personnel use this car to attend meetings. Without any mileage records, there is no accountability over the car's usage and no assurance that the vehicle is used for business purposes only. This increases the risk that the vehicle may have been used for personal reasons. If this was the case, any such use would also be taxable (see Recommendation 10).

**Recommendation Number 15:** Ensure that confirming purchase orders are used only for emergency situations in the future.

**Action Plan:**

A. Questar III has extensively revised its procedures for confirming purchase orders. The Assistant Superintendent for Business and Management and the Purchasing Agent have been directed by the District Superintendent to analyze the organization's use of confirmation orders and to develop recommendations for means to reduce such use in the future.

*Person Responsible:* Robert Cavanagh, Assistant Superintendent for Business and Management -  
*Target Date:* 6/1/99

B. Signature requirements to be reviewed with appropriate staff and regular training will be provided concerning compliance with the Agency's purchasing policies and procedures.

*Person Responsible:* Robert Cavanagh, Assistant Superintendent for Business and Management -  
*Target Date:* 6/1/99

C. Document changes and develop appropriate policies and procedures in payment authorization process.

No purchase order can be issued unless the funds are available within the correct budget code.

No one is authorized to commit the funds of the organization without the approval of the purchasing agent and the program manager.

*Person Responsible:* Robert Cavanagh, Assistant Superintendent for Business and Management -  
*Target Date:* Completed 7/1/98

**Implementation Status:** Fully implemented.

Questar III  
Contributors to the Report

- Calvin Spring, Audit Manager
- William Artini, Associate Auditor (Auditor-in-Charge)
- Robert Scherer, 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.

# QUESTAR III

EXCELLENCE AND INNOVATION IN COOPERATIVE EDUCATION AND LEADERSHIP

cc. C. Spring  
W. Artini

F

March 13, 2002

RECEIVED

MAR 18 2002

OFFICE OF  
AUDIT SERVICES

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

Dear Mr. Tworek:

I'm writing in response to the draft audit report (BOC-1299-5) related to the audit of Rensselaer-Columbia-Greene Board of Cooperative Educational Services for the period July 1, 1998 through June 30, 1999.

We have had opportunity to review the draft audit report and find we are in agreement with the results and recommendations made in the report. Please be assured that we will continue to improve organizational systems in a manner that increases their alignment with State Education Department regulations and operational expectations.

If I may be of further assistance, please do not hesitate to contact me.

Sincerely,



James Baldwin  
District Superintendent