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# Audit Report

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St. Lawrence-Lewis  
Board of Cooperative Educational Services

For the Period

July 1, 1997 through June 30, 1999

BOC-0999-2

January 4, 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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January 4, 2002

Ms. Nancy Cappellino  
Board President  
St. Lawrence-Lewis BOCES  
139 State Street Road, PO Box 231  
Canton, New York 13617

Dear Ms. Cappellino:

The following is our final audit report (BOC-0999-2) of the St. Lawrence-Lewis BOCES for the period July 1, 1997 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), Dr. Gush, District Superintendent

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# Executive Summary

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St. Lawrence-Lewis BOCES ranked as the 29th 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, 1999. 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.

- Improvements can be made in ensuring accurate data for the BOCES Report Card in the areas of Adult Literacy Results, Special Education, and Curriculum and Professional Development (pages 3-4).
- St. Lawrence-Lewis BOCES can improve cash flow analysis to ensure it borrows only amounts needed (page 6).
- Improvements can be made in summarizing and reporting both traditional and non-traditional contact hours for the EPE Program (pages 8-12).
- St. Lawrence-Lewis BOCES needs to establish a comprehensive investment policy (page 13).
- The audit determined that 13 of the 14 recommendations from the previous audit were fully implemented. (pages 14-16)
- St. Lawrence-Lewis BOCES has made improvements in the areas noted above.

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# Introduction

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## Background

Boards of Cooperative Educational Services (BOCES) are voluntary, cooperative associations of school districts that have joined together to provide educational programs or services more economically than each district could offer by itself. 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.

BOCES may provide such services as special education for students with disabilities, occupational education, academic and alternative programs, summer schools, staff development, computer services, educational communications, and cooperative purchasing.

Districts that belong to a BOCES are called component districts and are required to pay a share of the BOCES' administrative costs. Only districts that actually use the programs offered by a BOCES, called participating districts, are required to pay for the program costs.

St. Lawrence-Lewis BOCES is headquartered in Canton, New York and serves component districts which have enrollments of more than 19,000 students. St. Lawrence-Lewis BOCES ranked 29th largest in the State, in terms of total 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 New York State BOCES Report Card (Report Card) and the Chapter 602 Report for the period July 1, 1997 through June 30, 1999. We also reviewed the Employment Preparation Education (EPE) Program for the period July 1, 1997 through June 30, 1998, and followed up on the status of prior recommendations made in audit report number BOC-0996-4. 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.
- To determine how BOCES use data to monitor the performance of the schools within its supervisory district.
- To determine how BOCES use data to monitor student outcomes.
- To identify any wide ranges of costs identified in the Chapter 602 Report and understand the reasons for the variances.
- To 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 St. Lawrence-Lewis 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 believed that the audit provides a reasonable basis for our findings, conclusions, and recommendations.

## **Comments of St. Lawrence-Lewis BOCES Officials**

St. Lawrence-Lewis BOCES officials generally agreed with the findings and recommendations in this report. Their comments have been included where appropriate. Their response to the draft report is included as Appendix B.

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# Report Card

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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 contains 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.

## **Adult Literacy Results**

Improved literacy results included in the Report Card are obtained from St. Lawrence-Lewis BOCES' Adult Basic and Adult Secondary Education Program Report. A comparison of this report to the Report Card noted one discrepancy. The number of students demonstrating improved literacy at reading level 6-8.9 was 97, not 82 as included in the Report Card. As a result, the number of students improving literacy was understated.

St. Lawrence-Lewis BOCES officials agree that the Report Card understated the number of students with improved literacy results. They state that, in the future, data will be validated using more than one source to improve accuracy.

## **Special Education – Students Leaving Programs and Postsecondary Plans**

High school students leave BOCES special education when they earn a credential, reach the maximum age for public schooling, or drop out. The Report Card discloses the outcomes and postsecondary plans of students leaving St. Lawrence-Lewis BOCES programs for both students who received special class services and students receiving other

than special class services. However, St. Lawrence-Lewis BOCES did not report outcomes or postsecondary plans for students receiving other than special class services because they do not have a system to collect these data. As a result, program results are not accurately reported.

St. Lawrence-Lewis BOCES officials agree that outcomes and postsecondary plans for students receiving other than special class services were not reported. They state that it was unclear that they were to report on these students since they were in district programs. St. Lawrence-Lewis BOCES will put a data collection system in place to ensure that outcomes and postsecondary plans for students receiving other than special class services are accurately reported.

## **Curriculum and Professional Development**

The Report Card shows the number of professional staff who received training in State-targeted areas. The extent of documentation maintained by St. Lawrence-Lewis BOCES to support these data varies considerably from extremely detailed to informal. St. Lawrence-Lewis BOCES could improve the reliability of these data by establishing more formal procedures for collecting this information.

St. Lawrence-Lewis BOCES officials agree that they could improve their documentation of the number of staff receiving training in certain State-targeted areas. St. Lawrence-Lewis BOCES will have each department providing training to St. Lawrence-Lewis BOCES and/or district professional staff document specific information that will be entered into a database.

## **Other Areas**

The audit found data reported on the Career/Occupational Education, Alternative Education, Technology, the State Testing Programs, and the 1996-97 expended budget to be accurate and valid.

## **Recommendations**

1. Ensure that data for Adult Literacy are accurate.

2. Establish a system to ensure that data regarding outcomes are collected and accurately reported for students receiving other than special class services.
3. Improve procedures for collecting data on curriculum and professional development.

### **Comments of St. Lawrence-Lewis BOCES Officials**

St. Lawrence-Lewis BOCES officials concur with these recommendations.

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# Report Data - 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 beginning January 1, 1996. The Chapter 602 Report is also provided to all school districts and BOCES.

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

## **Administrative Expenses**

St. Lawrence-Lewis BOCES' general fund administrative expenses increased 49 percent from 1995-96 to 1997-98. This represented the largest percentage increase in administrative expenses in the State. The average BOCES increase was six percent for the same period. The increase in expenses was primarily related to an increase in borrowing costs. As noted in the management letter from their independent CPA, St. Lawrence-Lewis BOCES may have borrowed more than necessary to meet cash flow needs. As a result, cash flow projections were inaccurate and additional expenses were incurred.

St. Lawrence-Lewis BOCES officials agree that borrowings for the 1997-98 school year may have exceeded the amount necessary for cash flow purposes. They noted that the following factors contributed to the amount of borrowing incurred.

1. Uncertainty over the timing of BOCES aid payments.
2. Differences between the billing methodologies used by St. Lawrence-Lewis BOCES and Albany BOCES for services purchased under cross contract, and

3. The need to fund EPE and county expenses prior to reimbursement.

St. Lawrence-Lewis BOCES officials appear to be aware of the reasons for the 49 percent increase in administrative expenses.

## **Recommendation**

4. Improve procedures for cash flow analysis to ensure St. Lawrence-Lewis BOCES borrows only the amount needed.

## **Comments of St. Lawrence-Lewis BOCES Officials**

St. Lawrence-Lewis BOCES officials concur with this recommendation.

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# Employment Preparation Education

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St. Lawrence-Lewis BOCES 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.

School districts and BOCES generate EPE aid by reporting contact hours and expenditures on EPE State Aid Claim Form SA-160. Part 168.2 of the Regulations of the Commissioner of Education (Regulations) defines a contact hour as 60 minutes of instruction given by a teacher in an approved program. 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.

St. Lawrence-Lewis BOCES received a total of \$441,288 in EPE aid for the period July 1, 1997 through June 30, 1999, based on reported contact hours. The audit found that St. Lawrence-Lewis BOCES officials need to improve their system for identifying, documenting and accumulating certain EPE contact hours. They also need to report only EPE related expenses.

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 St. Lawrence-Lewis BOCES must refund the larger of revenues disallowed or expenditures disallowed, but not both. Schedule 1 shows that St. Lawrence-Lewis BOCES owes \$659 in excess revenue received. The audit report will be used by the Department to adjust future aid received by St. Lawrence-Lewis BOCES.

## **1998-99 Class Enrollment Exceeded 20 Students**

The class register for Adult Basic Education (ABE) 101 exceeded 20 students for seven months of the 1998-99 school year, although no waiver was obtained from the Department. St. Lawrence-Lewis BOCES claimed 209 contact hours for students in excess of the 20-student limit. As a result, EPE aid

generated by contact hours was overstated by \$1,106 (209 hours at \$4.86 per hour).

St. Lawrence-Lewis BOCES officials disagree and believe that, although more than 20 students are listed on the class register, it does not mean more than 20 students were being taught at one time. They state that some students attended ABE class in the morning and some in the afternoon or evening. The class roster is a listing of all students receiving ABE services, not an indication of the number of students in the class.

The audit maintains that each class should have its own attendance roster so that class size can be more easily determined.

## **Attendance Documentation**

The Department requires the number of reported contact hours to be clearly documented to ensure that EPE revenues paid to BOCES are appropriate. Agencies must maintain classroom attendance rosters of all students who attend EPE Programs. Any undocumented or overstated contact hours will be questioned upon audit and revenues will be reduced accordingly.

St. Lawrence-Lewis BOCES underclaimed 73.5 contact hours due to rounding and clerical errors. As a result, EPE aid generated by contact hours was understated by \$357 (73.5 hours at \$4.86 per hour).

St. Lawrence-Lewis BOCES officials agree that the above hours were understated. They state that they will be more careful in data entry and rounding.

## **Giving Rural Adults a Study Program Documentation**

Giving Rural Adults a Study Program (GRASP) is a non-traditional EPE Program. The EPE Program Comprehensive Plan of Service Application includes guidelines for determining EPE contact hours for such non-traditional modes of instruction. The maximum number of professional staff time that can be claimed is limited to 30 minutes per week for each student actively enrolled. The number of professional staff hours is multiplied by 12 to determine the number of contact hours to claim. School districts and BOCES must be able to document the actual number of professional hours used.

During the audit period, St. Lawrence-Lewis BOCES officials had not standardized their process for record keeping. As a result, certain required information was not readily available for review. Ideally, St. Lawrence-Lewis BOCES records should indicate both homework packages sent and received, as well as the number of teacher hours worked related to GRASP. The informal nature of these records maintained by St. Lawrence-Lewis BOCES increases the likelihood of errors or omissions. Future audits may take exception to any contact hours not clearly supported.

Although St. Lawrence-Lewis BOCES officials believe that documentation of GRASP hours is formal, they note that they have made improvements to the GRASP log.

## **Work Experience Program**

EPE programs may include a work experience component with prior approval by the Department. The continuation application for agencies approved to operate EPE programs states that “work experience programs are appropriate unpaid, structured and supervised work activities/tasks for a specified period of time in a public or private setting which enhance and build on the educational plan of the adult learner.”

The general requirements for work experience programs are that agencies ensure that:

- All participants fall under the guidelines for generating EPE aid;
- Individual student folders are kept documenting work experience, attendance, and related information such as work site visits and student progress;
- The agency has in place a system to track job placements that may result from work experience; and
- All contact hours must be documented.

St. Lawrence-Lewis BOCES records for work experience attendance show the number of hours students are scheduled to work, not the hours actually worked. As a result, St. Lawrence-Lewis BOCES is not meeting the documentation requirements for work experience programs and contact hours may be overstated.

St. Lawrence-Lewis BOCES officials believe that work experience hours are adequately documented. They state that the work experience hours reported are taken from the NYS Welfare Management System (NYSWMS) and that the NYS Department of Social Services and the federal government recognize these hours as the official hours of attendance. They believe no action is needed.

## Auditor Note

The NYSWMS recognizes scheduled hours. EPE requirements for work experience state that actual hours worked must be noted. That is why someone is to visit the work site and determine actual hours worked and not accept scheduled hours.

## Expenditures

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

St. Lawrence-Lewis BOCES reported certain expenditures that were unrelated to the operation of the EPE Program and did not properly allocate the cost of insurance. A summary of questioned costs is shown below:

Check #	Amount	Vendor	Amount Questioned	Comment
34093	\$3,235.29	Haylor, Fryer & Coon, Inc.	\$1,618.00	Not properly allocated.
34747	207.00	Holiday Inn, Latham	69.00	Lodging for Social Services employee.
35620	1,376.26	Walter Paul	376.26	Not EPE related.
35406	135.00	Sharon Tupper	135.00	Miscoded
		Total	\$2,198.26	

Source: St. Lawrence-Lewis BOCES records

As a result, St. Lawrence-Lewis BOCES overstated EPE expenditures by \$2,198. St. Lawrence-Lewis BOCES officials agree that the above questioned costs are not eligible for EPE aid and they will pay more attention to prorating expenditures.

## **Recommendations**

5. Obtain waivers to exceed 20 students when necessary and ensure that each class maintains its own attendance roster.
6. Improve procedures for summarizing and reporting both traditional and non-traditional contact hours.
7. Improve procedures to ensure actual hours worked are reported for the Work Experience Program.
8. Improve procedures to ensure that only EPE-related expenditures are claimed for reimbursement.

## **Comments of St. Lawrence-Lewis BOCES Officials**

St. Lawrence-Lewis BOCES officials concur with these recommendations.

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# Opportunities to Improve Management Processes

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## **Investment Policy**

Section 39 of the General Municipal Law requires that each local government, including BOCES, adopts by resolution a comprehensive investment policy which details the local government's operative policy and instructions to officers and staff regarding the investing, monitoring, and reporting of funds of the local government. The investment policy should be reviewed annually.

St. Lawrence-Lewis BOCES has not adopted a comprehensive investment policy and is not in compliance with Section 39 of the General Municipal Law. In addition, St. Lawrence-Lewis BOCES has exposed itself to the potential risks associated with not properly monitoring, controlling, depositing, and retaining investments and collateral.

## **Recommendation**

9. Establish a comprehensive investment policy.

## **Comments of St. Lawrence-Lewis BOCES Officials**

St. Lawrence-Lewis BOCES officials concur with this recommendation.

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# Follow-up on Prior Audit

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On December 29, 1997, the Office of Audit Services issued a final report on management practices, records and documentation related to selected areas of St. Lawrence-Lewis BOCES. The report contained 14 recommendations to improve operations. St. Lawrence-Lewis BOCES submitted a *Recommendation Implementation Plan* for each recommendation on August 3, 1998. The audit determined 13 were fully implemented as shown below.

## Recommendation #1:

Review the results of the survey of component districts to determine what modifications, if any, need to be considered for CO-SERs 504, 509 and 902.

### Implementation action(s)

CO-SER 504, 509, and 602 have Superintendent Advisory Committee, the BOCES Board and BOCES Administration to monitor the delivery of service and ensure the CO-SERS are meeting customer needs at an efficient cost. We will specifically review the audit customer surveys with these committees to help determine if modifications need to be considered.

BOCES implemented 1997-98.

Status: Fully implemented.

## Recommendation #2:

Improve procedures to ensure that operations and maintenance (O&M) transfers are made accurately and consistently.

### Implementation action(s):

Regarding specifically the BOCES Print Shop O&M charges, the 1997-98 fiscal year includes a transfer charge to the Occupational Educational CO-SER to specifically cover the O&M cost of the Print Shop.

BOCES implemented for the 1997-98 school year.

Status: Fully implemented.

## Recommendation #3:

Ensure that only appropriate administrative expenditures are made.

Status: Fully implemented.

Recommendation # 4:

Periodically review spending patterns of employees with credit cards and consider eliminating cards held by infrequent users.

Status: Fully implemented.

Recommendation #5:

Improve claims processing procedures to ensure that credit card expenses are sufficiently documented.

Implementation action(s)

We require, as of the 1997-98 fiscal year, that all employees using the BOCES credit card will be required to submit a copy of the signed credit card slip along with the accompanying charge slip (i.e., hotel receipt, food receipt).

Auditor Note:

The Office of the State Comptroller's *Financial Management Guide for Local Governments (Guide)* advises that a claim for payment must include sufficient detail to permit satisfactory audit by a person entirely unfamiliar with the transaction.

The audit reviewed one month of credit card charges and noted several instances where St. Lawrence-Lewis BOCES processed the claims for payment without sufficient detail attached.

Status as determined by audit: St. Lawrence-Lewis BOCES has not fully implemented the recommendation.

Recommendation #6:

Ensure that travel expenses for non-employees are not paid.

Status: Fully implemented.

Recommendation #7:

Ensure that employee attendance records are maintained for all employees and require supervisory review and approval.

Status: Fully implemented.

Recommendation #8:

Eliminate or reduce duplication of computer resources in the Learning Resource Center.

Status: Fully implemented.

Recommendation #9:

Improve procedures to ensure that sales tax on lodging in New York State is not paid.

Status: Fully implemented.

Recommendation #10:

Improve procedures to ensure that contributions are not made.

Status: Fully implemented.

Recommendation #11:

Ensure that membership fees are paid in accordance with adopted policies.

Status: Fully implemented.

Recommendation #12:

Establish and implement procedures to ensure compliance with IRS reporting requirements.

Status: Fully implemented.

Recommendation #13:

Continue monitoring purchasing procedures to ensure compliance.

Status: Fully implemented.

Recommendation #14:

Consider ways to improve communication among program offices.

Status: Fully implemented.

Contributors to the Report  
St. Lawrence-Lewis BOCES

- Calvin D. Spring, Audit Manager
- William Lake, Auditor-in-Charge
- Patricia Engel, Senior Auditor
- Stewart Hubbard, Senior Auditor

**Employment Preparation Education  
Schedule of Adjustments**

**Revenue:**

Claimed Hours	90,800	
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**Adjustments:**

Class Size	(209)	Page 9
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Documentation	73.5	Page 9
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Audited contact hours	90,664.5	
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Aid per contact hour	\$4.86	
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Audited Revenues	<u>\$440,629</u>	
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**Expenditures:**

Expenditures per SA-111	\$445,664	
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**Adjustments:**

Ineligible expenditures	<u>(2,198)</u>	Page 11
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Audited Expenditures	<u>\$443,466</u>	
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**Calculation of Adjustment:**

Total Payments of EPE Aid	\$ 441,288	
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Less audited revenues	<u>(440,629)</u>	
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Net adjustment	<u>\$ 659</u>	
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NOTE 1: EPE aid is limited to the lesser of income generated by contact hours (multiplied by the approved rate) or the amount of eligible EPE expenditures.



ST. LAWRENCE-LEWIS  
BOCES

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St. Lawrence-Lewis Counties BOCES  
P.O. Box 231, 139 State Street Road  
Canton, New York 13617  
Phone (315) 386-4504 \*\* Fax (315) 379-0241

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District Superintendent: Dr. Linda R. Gush  
Treasurer: Nancy Wright  
District Clerk: Susan A. Collins

RECEIVED

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OFFICE OF  
AUDIT SERVICES

November 29, 2001

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

Dear Mr. Tworek:

I am enclosing comments regarding the Draft Audit Report (BOC - 0999-2) for the St. Lawrence-Lewis BOCES for the period July 1, 1997 through June 30, 1999 as follows:

**Page 3** - Audit Literacy Results - agree with comments

**Page 3** - Special Education Students having programs and Post Secondary Plans - Agree with comments

**Page 4** - Curriculum-Professional Development - Agree with comments

**Page 4** - Other Areas - Agree with comment

**Page 6** - Administrative Expenses - Agree with comments and would add:  
St. Lawrence-Lewis BOCES works with Fiscal Advisors regarding cash flow. Have been able to reduce borrowing each year partly due to having reached an "agreement" with the county to receive reimbursement more quickly for reimbursement of expenditures.

**Page 8** - Employment Preparation Education - Agree with comment

**Page 8** - 1998-99 - Class Enrollment Exceeded 20 students - Agree with additional comments: Adult programs are often walk-in nature. As a result, students drop in when it is convenient. Keeping a separate course roster for each class would be difficult as instruction is individualized and students are not grouped into classes.

Page 2  
November 29, 2001

If this is an issue we should seek a waiver to enroll over 20 students.

**Page 9** - Attendance documentation - Agree with comments

**Page 9** - Giving Rural Adults a Study Program Documentation concur with findings.

**Page 10** - Work Experience Program: Agree with comments and add only worked hours are reported. If a student does not work, the scheduled hours the hours on the WMS are reduced accordingly. Work site visits are being made. To establish another, duplicative time sheet system may jeopardize worksite opportunities as supervisors volunteer their time.

**Page 11** - Expenditures - Agree with comments

**Page 13** - Investment Policy - we will be taking investment policy to our Board

**Page 15** - Recommendation #5, We feel we have now fully implemented the recommendation

Also, on page 1,4th paragraph - correction - St. Lawrence-Lewis BOCES is headquartered in Canton.

Sincerely,

  
Nancy J. Wright  
Treasurer

NJW/sac  
enc.

cc: Cal Spring, Audit Manager  
William Lake, Auditor in charge

**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.