
Audit Report

Tompkins-Seneca-Tioga
Board of Cooperative Educational Services

for the Period

July 1, 2004 through March 30, 2006

BOC-0104-01

November 22, 2006

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





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November 22, 2006

Ms. Linda Padgett
Board President
Tompkins-Seneca-Tioga BOCES
555 Warren Road
Ithaca, NY 14850

Dear Ms. Padgett:

The following is our final audit report (BOC-0104-1) on the Tompkins-Seneca-Tioga BOCES for the period July 1, 2004 through March 30, 2006. The audit was conducted pursuant to Education Law Section 305 and the Board of Regents/State Education Department Strategic Plan – Goal #5 which states: “Resources under our care will be used or maintained in the public interest.”

Ninety days from the issuance of this report, District officials will be asked to submit a report on actions taken as a result of this audit. This required report will be in the format of a recommendation implementation plan and it must specifically address what actions have been taken on each audit recommendation.

I appreciate the cooperation and courtesies extended to the staff during the audit.

Sincerely,

Calvin Spring, CGFM, CIA

Enclosure

c: Commissioner Mills, T. Savo, B. Porter, G. Smith, C. Szuberla, J. Canaday, C. Foster (DOB), W. Campbell (OSC), Ellen O'Donnell, District Superintendent, R. Kesper

Executive Summary

Background and Scope of the Audit

Tompkins-Seneca-Tioga (TST) Board of Cooperative Educational Services (BOCES) is headquartered in Ithaca, New York and serves nine component districts. Together these schools serve more than 14,000 students. TST BOCES had general fund expenditures of \$17.8 million and was ranked as the 35th largest BOCES in the State, in terms of total general fund expenditures, for the 2002-03 school year.

The objective of the audit was to assess the adequacy of TST BOCES' management controls which are designed to help ensure its goals and objectives are accomplished; laws, regulations, and good business practices are complied with; assets are safeguarded; and accurate and reliable data are maintained. The audit focused on management controls and reviewed practices, records, and documentation for the period July 1, 2004 through March 31, 2006. This audit also followed up on findings and recommendations from the previous New York State Education Department (Department) audit.

Summary of Audit Results

The audit determined that TST BOCES had many of the necessary controls in place; however, improvement opportunities exist in certain areas. A summary of our recommendations and findings follows:

- Ensure the budget status report submitted to the Board is complete. (page 4)
- Appoint a deputy treasurer, execute, and file the necessary paperwork. (page 5)
- Designate a person, not just a position, to be responsible for each of the BOCES' petty cash funds. (page 5-6)
- Ensure that the Board authorizes designated employee(s), who may also collect money and that these employees issue pre-numbered triplicate treasurer's receipts. (page 6)
- Ensure the Board appoints and approves a central treasurer and an internal auditor. (pages 6-7)
- Recognize the difference between the position of a claims auditor and that of an internal auditor. The TST BOCES has erroneously designated its claims auditor as an internal auditor. (page 7)
- Implement the following for all Career and Technical Education (CTE) programs:
 - Establish a policy for all CTE retail sales and other CTE services (pages 7-8);
 - provide an annual notice to the public concerning the availability of the TST BOCES automotive repair program (page 8);
 - implement a clear, fair, and consistent selection methodology among all of the automotive repair instructors (page 9);
 - develop an accounting system for the automotive repair program with the use of pre-numbered work orders and cash receipts issued in triplicate at a minimum (pages 10-11); and

- refrain from using any extraclassroom funds to buy parts or supplies for the automotive program. (page 10)
- Establish procedures to use sign in and out sheets for all EPE traditional classrooms. (page 11)
- Implement procedures to prevent outstanding checks more than six months old. (page 13)
- Implement the use of a pre-numbered duplicate receipt system whereby a person submitting money to the treasurer and the treasurer each retain a receipt. (page 13)
- Ensure compliance with TST BOCES Policy whereby the District Superintendent must authorize the disposal of all obsolete equipment. (page 16)
- Implement procedures to restrict access to TST BOCES fuel pumps. (page 17)
- Name a person to supervise the attendance process for the TST BOCES Board meetings (pages 19-20)

Comments of TST BOCES Officials

TST BOCES officials' comments about the findings were considered in preparing this report. Their response to the findings and recommendations in this report are included as Appendix B.

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Introduction

Background

“The Mission of the Tompkins-Seneca-Tioga (TST) Board of Cooperative Educational Services (BOCES) is to identify, to propose, and to provide services for children, youth and adults which are economical and efficient in their operation, and which will complement the educational programs provided by local school districts and other agencies in our regions.” TST BOCES is headquartered in Ithaca, New York and serves nine component districts. Together these schools serve more than 14,221 students. TST BOCES had general fund expenditures of \$17.8 million and was ranked the 35th largest BOCES in the State, in terms of total general fund expenditures, for the 2004-05 school year.

BOCES are organized under Section 1950 of the Education Law to provide shared educational programs and services to districts. These programs and services may include career and technical education for students and adults, alternative education, adult basic education, special education, professional development, technology services, and school library services. Section 305 of the Education Law requires the New York State Education Department (Department) to perform fiscal audits of BOCES at least once every three years, resources permitting.

BOCES are required to collect and report various fiscal and performance data. The data are used to prepare the New York State BOCES Report Card (Report Card) and the Financial and Statistical Outcomes of the Boards of Cooperative Educational Services Report (Chapter 602 Report). The Report Card summarizes program accomplishments and services provided for children and adults. The Chapter 602 Report details certain financial and statistical data such as tuition costs for selected programs, per student cost information, and aggregate expenditure data for BOCES administrative, capital, and service functions.

The Report Card and Chapter 602 Report can be obtained from the following online sources.

- The Report Card is available at

<http://www.emsc.nysed.gov/reprcdfall2003/boces/home.html>

- The Chapter 602 Report is available at

http://www.emsc.nysed.gov/mgtserv/602_Report/AnnualReportTable.htm

Objectives, Scope, and Methodology

The Office of Audit Services reviewed selected management practices, records, and documentation for the period July 1, 2004 through March 31, 2006. The audit focused on five key areas: governance and planning, accounting and reporting, purchasing and expenditures, facilities and equipment, student services, and student related data and other BOCES data.

The objective of the audit was to assess the adequacy of TST BOCES' internal controls which are designed to help ensure its:

- goals and objectives are accomplished;
- laws, regulations, and good business practices are complied with;
- assets are safeguarded; and
- accurate and reliable data are maintained.

To accomplish this objective, we reviewed applicable laws, regulations, policies and procedures; interviewed TST BOCES management and staff; examined records and supporting documentation; sampled a limited number of transactions on a non-statistical basis; and reviewed TST BOCES' audited financial statements.

Our audit included examining, on a test basis, evidence-supporting transactions recorded in the accounting and operational records and applying other procedures considered necessary in the circumstances. The audit also assessed the estimates, judgments, and decisions made by management and determined the status of the implementation plan submitted for our prior audit report BOC-0797-4. We believe that the audit provides a reasonable basis for our findings, conclusions, and recommendations.

Summary of Audit Results

A BOCES' board and management are responsible for establishing, implementing, and monitoring internal control systems. Internal controls are the policies, procedures, and practices designed and implemented to provide management with reasonable assurance that resources are safeguarded against waste, loss, and misuse; that operations are efficient and effective; that specific management objectives are achieved; that financial reports are reliable; and that the entity complies with applicable laws and regulations. The internal control systems must be built into the business processes to ensure core activities are accomplished effectively, efficiently, and economically.

The audit determined that TST BOCES had many of the necessary controls in place; however, some improvement opportunities were identified and are addressed in detail in the body of this report. TST BOCES should give careful consideration to the recommendations to further improve its operations and management.

Comments of TST BOCES Officials

TST BOCES officials' comments about the findings were considered in preparing this report. Their response to the findings and recommendations in this report are included as appendix B.

Governance and Planning

A BOCES' board is responsible for the provision of cost-effective programs and services and must provide for the governance and oversight of the BOCES' affairs, personnel, and properties. The audit determined that the Tompkins-Seneca-Tioga (TST) BOCES' Board of Education (Board) addressed many of its governance and planning responsibilities related to the control environment, compliance with legal requirements, fiscal oversight, staffing, and strategic planning. However, the Board could make improvements related to the approval and completeness of budget status reports, the appointment of certain individuals, and the development of a uniform policy for the BOCES' Career and Technical Education (CTE) Program.

Budget Status Reports

A BOCES board needs accurate and timely budget status reports to monitor the financial condition and to ensure timely corrections to the budget plan. The budget status report provides an accounting of budget estimates compared to actual activity and can help ensure that the BOCES does not overspend its budget.

Recommendation 1: Ensure that a complete budget status report is provided to the Board at least quarterly (monthly if budget transfers were made).

Education Law Section 1950(4)(j) and Section 170.2(p) of the Regulations of the Commissioner of Education (Regulations) require the treasurer to prepare a budget status report at least quarterly (monthly if budget transfers have been made) for all funds. The required information for the report is provided for in the Regulations. The Department has a sample report format, which shows both revenue and expenditures, at the following web site:

www.emsc.nysed.gov/mgtserv/budget_status_report%20PAGE.htm

TST BOCES submits a Clerk's Report as its budget status report to the Board; however, this report does not have all the required information. While it does show appropriation accounts, it does not show any revenue accounts. Without a

complete and accurate budget status report, the Board may not be able to effectively monitor the budget or financial condition of TST BOCES.

Appointment of Certain Individuals

Board meetings are held to conduct official BOCES business including electing board officers, discussing and voting on educational and fiscal policies, and appointing officials. The organizational meeting is the first regular meeting of the board held in the new fiscal year and its agenda should include items requiring attention either because they are required by law or regulation, or because this is the logical time to address them. This includes various appointments such as: treasurer, purchasing agent, independent auditor, and others. TST BOCES made some appointments, but needs to appoint a deputy treasurer, a petty cash custodian, a person(s) other than the treasurer to collect money, a central treasurer for the TST BOCES' extraclassroom activities, and a claims auditor.

Deputy Treasurer

Education Law Section 1720(2) allows a board to appoint a deputy treasurer who shall serve at the discretion of the board. The deputy treasurer can then sign checks in lieu of either the treasurer or other officer, whose signature is required, in the event of their absence or inability. The deputy treasurer needs to execute and file an official undertaking (bond) in the same amount and manner as the treasurer.

Recommendation 2: Appoint a deputy treasurer and execute and file the necessary paperwork.

The Board of TST BOCES has not appointed a person to sign checks in addition to the treasurer. This would facilitate check processing in the treasurer's absence.

Petty Cash Custodians

BOCES are authorized to establish petty cash funds for the payment of certain materials, supplies, and services. TST BOCES had many of the necessary controls over petty cash, but could improve its controls by designating a person responsible for each fund as required by Section 170.4 of the Regulations.

Recommendation 3: Appoint a Board designated person responsible for each petty cash fund on an annual basis.

TST BOCES does have a position officially designated by the Board to be responsible for each petty cash fund; however, it has not named a person for the position.

Individuals Authorized to Collect Monies

Section 170.2 of the Regulations requires the board to authorize any individual with the responsibility to receive money and to also require the individual to use a pre-numbered triplicate receipt form. Copies are distributed as follows: the original to the payer, a copy to the treasurer with the money or bank deposit receipt, and a copy retained by the individual authorized to receive money.

Recommendation 4: Ensure the Board authorizes individuals collecting money at various TST BOCES locations.

Certain TST BOCES individuals collect money at various locations and use pre-numbered triplicate receipt forms; however, such individuals have not been authorized by the Board, as required by Section 170.2 of the Regulations. The Board's approval of these individuals to collect money would improve controls by letting employees know what is expected of them. It would also make the Board aware of the various collection sites and the reasons for collecting the money. It could also affect the BOCES' bonding policy.

Central Treasurer

Section 172.4 of the Regulations requires the board to designate a treasurer of the extraclassroom activity fund to receive the monies from the conduct, operation, or maintenance of the extraclassroom activities. Such treasurer is known as the central treasurer of the extraclassroom activity fund and must report to the Board at least quarterly.

Recommendation 5: Ensure the central treasurers of the TST BOCES extraclassroom activity fund have been appointed by the Board.

The central treasurers of the TST BOCES extraclassroom activity fund have not been appointed by the Board.

Claims Auditor

Education Law Section 1709(20)(a) gives a board the power to adopt a resolution establishing the office of the claims auditor and appointing a person to that position. The claims auditor then takes on the powers and duties of the board with respect to auditing and allowing or rejecting all accounts, charges, claims, or demands against the BOCES. In addition, the law prohibits any clerical person directly involved in accounting and purchasing functions from being appointed to the claims auditor position.

Education Law 2116(b) requires that no later than July 1, 2006, each BOCES must establish an internal audit function to be in operation no later than December 31, 2006. This function must include (a) the development of a risk assessment of BOCES operations, including but not limited to, a review of financial policies and procedures and the testing and evaluation of BOCES internal controls; (b) an annual review and update of such risk assessment; and (c) preparation of reports, at least annually or more frequently as the trustees or Board of Education may direct which analyze significant risk assessment findings, recommend changes for strengthening controls and reducing identified risks, and specify time-frames for implementation of such recommendations.

Recommendation 6: Correctly designate the current TST BOCES auditor as claims auditor and not as the internal auditor.

TST BOCES has incorrectly identified their claims auditor as the internal auditor. This may create some confusion when an internal auditor is appointed.

Lack of a Uniform Policy for CTE Sales

The control environment sets the tone of an organization, influencing the control consciousness of its people. It is one of the five elements of good internal controls. A common term about control environment is “tone at the top.” This is displayed by the policies management adopts, the organizational structure they impose, the assignment of authority and responsibility, hiring practices, the extent of involvement they maintain in operations, and the ethical behavior exhibited. Written policies and procedures help

ensure employees understand their responsibilities, help hold staff accountable, and aid with any staff transitions.

Recommendation 7: Implement a policy for the sale of CTE services and products to staff and the public specifying timely billing and payment.

For the most part, TST BOCES had the necessary policies and procedures in place; however, there is no policy for the sale of CTE services and products to staff and the public specifying timely billing and payment.

Comments of TST BOCES Officials

TST BOCES officials' concur with these seven recommendations.

Accounting and Reporting

BOCES must have adequate accounting and reporting systems in place to ensure that accurate, timely, and complete financial records are maintained and disclosed in periodic reports to the board, the public, and the State. TST BOCES has many of the necessary controls related to financial condition, financial accounting and reporting, auditing, State aid, and grants. However, TST BOCES can make some improvements related to invoicing procedures, an integrated accounting system, and documentation of Employment Preparation Education (EPE) hours.

Invoicing Procedures Needed

The objectives of internal controls over cash receipts are to ensure that cash transactions are properly authorized and recorded, that cash is safeguarded, and that there is proper monitoring of the officials or employees who handle monies as part of their official duties. Good business practices required that automotive repair work orders be prepared for each job. The work order should identify the customer as student, staff, or public, and customer acceptance of the terms and conditions prior to commencement of services should be acknowledged by signature. In addition, the services and products should be invoiced timely and accurately using press numbered work orders that are dated and issued as the invoice on completion of the services with one copy sent to the business office.

The customer should pay for the work as a condition of release of the vehicle. This would help ensure that the billing function is properly monitored from the creation of the bill to its collection. Using press numbered work orders increases control over the accounting for the work completed and billings.

The review found that TST BOCES work order forms were not press numbered; there was no public awareness noted regarding customer selection and there was not an adequate accounting system in place. Three instructors were responsible for the customer selection, work order preparation, and payment. Customers were not identified as staff, student, or public; customers did not sign the work orders; work orders were not always dated nor rendered at the completion of

services; work orders were not always completed; and disclaiming letters were not always signed by customers before work began.

Recommendation 8: Establish procedures requiring the use of press numbered work orders that are signed by the customer prior to work commencing.

Recommendation 9: Release vehicles only upon payment - any deviation to this policy should be approved by Board or the Board's designee.

Recommendation 10: Ensure that no customer with an unpaid balance be provided additional repairs or services.

Recommendation 11: BOCES should not use petty cash from the extraclassroom activity fund to buy parts, even if it is for an emergency.

The terms and conditions of the service need to be emphasized at signing. Instructors need to date, sign, and complete the invoice for issuance of the original to the customer to facilitate payment and release of the vehicle.

Establish Accounting System

All receivables due to TST BOCES should be entered and accounted for in its official records. This includes payments for all services, supplies, and parts provided in CTE retail transactions. In order to ensure payment is made, there has to be a record of the transaction in the business office.

There is no present acceptable accounting system for the automotive repair process; it is a manual system, which consists of each of three instructors being in control of selecting customers; completing a work order and associated paperwork; and receipt/submission of payment. Work orders are not press numbered and may or may not be prepared in a timely manner. In addition, a copy of work orders is not sent to the business office or to the CTE secretary.

Cash receipts may be held too long, i.e. an instructor held on to money owed for a few weeks. Cash receipts should be turned into the CTE secretary when received.

Since no copy of the work order is sent to the business office or CTE secretary, it was not possible to determine the existence of any unpaid balances. In order to ensure payment is made, there has to be a record of the transaction in the business office.

Recommendation 12: Establish an automated accounting system for the work orders, invoices, and revenue that will ensure the information is reflected on TST BOCES books of records.

Recommendation 13: Ensure all receivables due to TST BOCES are entered and accounted for in its official records. This includes payments for all services, supplies, and parts provided in CTE retail transactions.

EPE Documentation

BOCES are eligible to receive aid for EPE programs that provide instruction that leads to a high school or equivalency diploma for students 21 years of age or older, or for students over the age of 21 with a high school diploma that score below a certain grade level in math or reading. The Department provides EPE aid based on the number of contact hours provided to eligible students. The aid must be spent on allowable expenses for EPE-related services. The total amount of EPE aid awarded cannot exceed total EPE expenditures; therefore, documentation for both contact hours and expenditures is important.

TST BOCES received \$462,955 in EPE aid for the 2004-05 school year. TST BOCES generally had adequate systems and processes to claim, track, document, and report expenditures and contact hours properly. However, the audit found several improvement opportunities related to the establishment and continued use of sign-in and out sheets for all EPE traditional classrooms.

Recommendation 14: Establish procedures to use sign-in and out sheets for all EPE traditional classrooms.

The audit found that only one of the TST BOCES traditional classrooms uses sign-in and out sheets. Without the sign-in and out sheets it is difficult to determine the hours students are in class.

Comments of TST BOCES Officials

TST BOCES officials' agree with these recommendations.

Revenue and Cash Management

BOCES collect and invest millions of dollars in revenue each year. They must have adequate controls in place to ensure the funds are collected, deposited, accounted for accurately, and safeguarded. The audit determined TST BOCES generally complied with revenue and cash management requirements related to processing cash receipts and investments. However, TST BOCES could make improvements related to outstanding payroll checks and the treasurer's duplicate receipt books.

Outstanding Payroll Checks

BOCES must establish strong internal controls over outstanding payroll checks to prevent mishandling and to safeguard against loss. Good business practices and sound internal controls require the implementation of procedures to ensure outstanding payroll checks beyond six months are investigated and cancelled if need be.

Recommendation 15: Implement procedures to ensure the payees of outstanding payroll checks beyond six months old are contacted and if contact is not possible, to cancel the checks.

TST BOCES has several outstanding payroll checks dating back to 2002. These checks should be cancelled and payees contacted.

Treasurer's Receipt Books

Section 170.2 of the Regulations requires the BOCES' treasurer to acknowledge receipt of all monies by issuing a press numbered receipt form as follows: original to the payer and the copy retained by the treasurer. Good business practices require that all receipt numbers be accounted for.

Recommendation 16: Ensure that when collecting monies, the treasurer of the TST BOCES uses a duplicate treasurer's receipt book to issue press numbered receipts.

The treasurer of the TST BOCES does not issue duplicate receipts. As such, there is less assurance of all monies collected being properly accounted for.

Comments of TST BOCES Officials

TST BOCES officials' concur with recommendation 15 and state their electronic accounting system meets the requirements of a duplicate receipt book mentioned in recommendation 16.

Purchasing and Expenditures

BOCES purchase thousands of products and services each year. They must have adequate controls in place to ensure purchases are made in compliance with the law and BOCES policy, and result in securing goods and services in the right quantity, at the right time, and for the right price.

The audit determined that TST BOCES had procedures for their purchase and payment processes that included the key steps for processing a purchase requisition, issuing a purchase order, verifying receipt of goods or services, approving the claim for payment, and paying for the goods or services in a timely manner.

The largest expenditure categories for a BOCES are salary and fringe benefits. As such, each BOCES must establish the necessary controls over payroll and personnel. The audit determined that TST BOCES generally implemented the necessary controls, had policies and procedures, and maintained adequate documentation to support payroll and personnel transactions. TST BOCES could improve controls by removing the supervision of payroll from personnel and establishing cross training, especially with the payroll function. They could also establish written procedures for time and attendance as well as for payroll.

The audit performed limited testing in this area and found that TST BOCES has many of the necessary controls related to purchasing and expenditures including payroll and personnel, but could make improvements in the area noted above.

Facilities and Equipment

BOCES must provide adequate facilities and equipment for educating its students. BOCES also must adhere to all requirements related to facilities maintenance and must implement the necessary inventory controls to safeguard their assets. In addition, BOCES are required to comply with Section 170.3(i) of the Regulations dealing with personal property accountability.

TST BOCES has many of the controls related to facilities maintenance and inventory controls for its assets. However, improvements can be made in maintaining accurate and complete inventory records, and in restricting access to fuel pumps.

Accurate and Complete Inventory Records

Section 170.3(i) of the Regulations requires each BOCES to develop and adopt a formal policy on personal property accountability including procedures governing the acquisition, sale, and disposal of personal property. BOCES must implement inventory controls to safeguard assets against loss, maintain up-to-date records, establish effective utilization, identify amounts for insurance coverage, determine needs, and identify surplus items. TST BOCES could make a small improvement to ensure its compliance with its own policy regarding personal property accountability.

Recommendation 17: Ensure the District Superintendent signs off on the recycled equipment list.

TST BOCES' own policy requires the District Superintendent's signature approving the list of items that are to be recycled.

The audit tested several equipment items from general fund transactions and generally found that all equipment was located where it was listed. Three equipment items were transferred and not in listed location, but were easily located. Overall, the small sample of equipment at the business office and at Lansing High School provided assurance that TST BOCES does in fact track and account for its inventory in accordance with CR170.3(i).

Secure the Fuel Pumps

Good business practices require BOCES take the necessary precautions to safeguard their assets including marking each item, maintaining items in a safe location, assigning responsibility to an individual for the security of the items, implementing the use of sign-out sheets, vehicle use logs, etc, and periodically verifying the inventory with a physical count. TST BOCES could make an improvement to ensure that access to its fuel pumps is properly secured.

Recommendation 18: Implement procedures to restrict access to TST BOCES' fuel pumps.

TST BOCES' fuel pumps are kept secure from public use; however, many of the staff have been issued keys. This has allowed for the potential of unauthorized use of fuel. Additional steps can be taken to make the fuel pumps more secure, such as mounting locks on the handles of the fuel pumps and issuing keys to only required staff.

Comments of TST BOCES Officials

TST BOCES officials' concur with these recommendations.

Student Services

BOCES provide various services for their students including extraclassroom activities. In addition, BOCES should provide students with a learning environment that is safe and secure.

Extraclassroom activity funds are defined as monies raised other than by taxation or through charges of a board for, by, or in the name of a school or student body. Extraclassroom activity funds are raised and spent by student bodies to promote the general welfare, education, and morale of all students, and to finance the normal, legitimate extracurricular activities of the student body. The audit determined that TST BOCES followed Department guidelines for the operation of the extraclassroom activity funds, designated a treasurer for the funds, and had the funds audited by an independent auditor.

The audit also found that TST BOCES has taken the necessary steps to help ensure a safe and orderly learning environment. TST BOCES adopted a comprehensive BOCES school safety plan as well as building-level school safety plans on crisis intervention and emergency response and management. TST BOCES also has a student handbook that outlines student rules and expectations.

The audit performed limited testing in this area and found that TST BOCES generally complied with laws and regulations concerning extraclassroom activity funds, school safety, and security. It is important that TST BOCES continue to comply with applicable laws and regulations.

Auditor's Note:

Except as noted in recommendation five in the Governance and Planning section.

Student Related Data

BOCES are required to collect and report financial and other statistical data including expenditures, revenue, assets, liabilities, State aid information, attendance, special education placements, and other student and school information. This information is used to prepare the Report Card and the Chapter 602 Report. It is crucial that the data are reliable, accurate, accessible, and timely, since the information may be used by BOCES, districts, the Department, and the public.

The Report Card summarizes program accomplishments and services provided for children and adults. It is intended as a tool for the continuous improvement of BOCES programs and services and for providing information to communities. The Report Card displays data about the following programs and services: career and technical education, alternative education, special education, professional development, technology services, the State testing program for all component districts, Regents examinations, and graduation results.

The Chapter 602 Report details certain financial and statistical outcomes, tuition costs for selected programs, per student cost information, and aggregate expenditure data for BOCES for the administrative, capital, and service functions. The Chapter 602 Report also includes prior year data.

The audit determined that TST BOCES had adequate documentation to support the financial and statistical information reported to the Department for use in preparing the Report Card and the Chapter 602 Report. TST BOCES should continue to maintain supporting documentation for all information reported to the Department.

Attendance

Attendance is a critical factor for student success in school. Consistent school attendance, improved academic performance, and school completion have a positive correlation that can help to ensure that all students reach higher standards established by the Board of Regents. School attendance records must be maintained for compliance with the Education Law and for determining average daily attendance used to determine some components of State aid to component districts. TST BOCES generally complied with attendance

requirements except that the Board had not designated anyone to supervise the keeping of attendance regularly.

Recommendation 19: Appoint an individual with the responsibility for supervising the keeping of the attendance register as required by section 104.1(f) of the Regulations of the Commissioner.

The Regulations require each district to appoint an individual responsible for supervising the keeping of the attendance register. The individual should help ensure that attendance record keeping policies, procedures, and practices result in complete and accurate records.

Comments of TST BOCES Officials

TST BOCES officials' generally concur with this recommendation.

FOLLOW UP - RECOMMENDATION IMPLEMENTATION PLAN

On July 1, 1999, the Office of Audit Services issued a final report (0797-4) on management practices, records, and documentation related to select areas of the BOCES. The report contained 18 recommendations to improve operations. The BOCES submitted a Recommendation Implementation Plan for each recommendation on October 1, 1999. At that time, the BOCES successfully implemented or otherwise satisfied 15 of the 18 recommendations. One recommendation was not implemented, and two recommendations were not fully implemented. The current audit for July 1, 2004 – March 30, 2006 found each recommendation to be implemented.

Recommendation 1: Improve procedures to ensure that contact hours are accumulated and tabulated accurately and clearly documented.

Implementation Action(s) per the BOCES:

A new computer record keeping program has been in place. The records are monitored on a regular basis during the year. Unlike the previous computer program, this program is utilized by at least a dozen other BOCES, and has proved accurate in managing EPE records. In addition, since the time of the audit, key personnel have been replaced (the Supervisor of Adult Education, for example), others have been removed from responsibility for record keeping, and all personnel have been instructed in the appropriate record keeping procedures.

In addition, we have had a local audit done by our independent auditor and have been assured that the record keeping has improved, and we are now in compliance.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 2: Improve procedures to ensure that only the contact hours of eligible students are claimed for EPE aid.

Implementation Action(s) per the BOCES:

A new computer record keeping program has been in place. The records are monitored on a regular basis during the year. Unlike the previous computer program, this program is utilized by at least a dozen other BOCES, and has proved accurate in managing EPE records. In addition, since the time of the audit, key personnel have been replaced (the Supervisor of Adult Education, for example), others have been removed from responsibility for record keeping, and all personnel have been instructed in the

appropriate record keeping procedures.

In addition, we have had a local audit done by our independent auditor and have been assured that the record keeping has improved, and we are now in compliance.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 3: Ensure that student folders are maintained for all students and contain all required information.

Implementation Action(s) per the BOCES:

A new computer record keeping program has been in place. The records are monitored on a regular basis during the year. Unlike the previous computer program, this program is utilized by at least a dozen other BOCES, and has proved accurate in managing EPE records. In addition, since the time of the audit, key personnel have been replaced (the Supervisor of Adult Education, for example), others have been removed from responsibility for record keeping, and all personnel have been instructed in the appropriate record keeping procedures.

In addition, we have had a local audit done by our independent auditor and have been assured that the record keeping has improved, and we are now in compliance.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 4: Ensure that contact hours for non-traditional programs are tabulated correctly.

Implementation Action(s) per the BOCES:

A new computer record keeping program has been in place. The records are monitored on a regular basis during the year. Unlike the previous computer program, this program is utilized by at least a dozen other BOCES, and has proved accurate in managing EPE records. In addition, since the time of the audit, key personnel have been replaced (the Supervisor of Adult Education, for example), others have been removed from responsibility for record keeping, and all personnel have been instructed in the appropriate record keeping procedures.

In addition, we have had a local audit done by our independent auditor and have been

assured that the record keeping has improved, and we are now in compliance.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 5: Request waivers when class sizes exceed that allowed.

Implementation Action(s) per the BOCES:

Class sizes are being monitored on a regular bases to insure compliance with this requirement. Waivers will be requested if necessary.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 6: Ensure allocations are accurate and documented.

Implementation Action(s) per the BOCES:

A new system of keeping track of each staff member (especially those allocated to more than a single program area) has been developed. This allows the program Supervisor to monitor and to make sure that people are coded to the appropriate programs to which they are working and from which they are funded.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 7: Ensure that allocation percentages are based on accurate data and used consistently.

Implementation Action(s) per the BOCES:

Effective for the 1999-2000 school year, BOCES has developed a new methodology for charging O & M costs. All component school districts have agreed to the new method. It is based upon square footage and (where appropriate) student enrollments for each program. This methodology will continue to be used in future years, and will be adjusted annually based upon any adjustment in square footage and/or enrollment.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 8: Ensure that allocation methods are adequately documented.

Implementation Action(s) per the BOCES:

Effective for the 1999-2000 school year, BOCES has developed a new methodology for charging O & M costs. All component school districts have agreed to the new method. It is based upon square footage and (where appropriate) student enrollments for each program. This methodology will continue to be used in future years, and will be adjusted annually based upon any changes in square footage and/or enrollment.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 9: Develop, update and/or improve policies for travel, depositing cash receipts, personal phone calls, cellular phones, receipt of goods, overtime, purchasing, cash reimbursements, billing of component school districts, petty cash and credit card use.

Implementation Action(s) per the BOCES:

During the summer of 1999, the BOCES will contract with Erie I BOCES for an update of all its policies. Specific actions for the policies listed in the recommendation are as follows:

Travel:	The policy will be updated for out-of-state lodging as recommended.
Depositing cash receipts:	A policy requiring daily deposits will be developed.
Personal phone calls:	The Travel policy currently includes a section on personal phone calls while on BOCES business. A new policy will be developed that addresses personal phone calls from work.
Cellular phones:	A new policy regarding any personal use of BOCES cellular phones will be developed.
Receipt of goods:	A new policy will be developed.
Overtime:	A new policy will be developed.
Purchasing:	Policies exist, but will be reviewed and updated as necessary.
Cash disbursements:	A new policy will be developed.
Billing of component school districts:	A new policy has been developed and was adopted by the Board in July 1999.
Petty cash:	Policies will be reviewed and updated.
Credit card use:	A new policy will be developed.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 10: Compile written procedures into a procedures manual and establish a system of updating obsolete procedures or modifying procedures when changes in procedures are made.

Implementation Action(s) per the BOCES:

BOCES recognizes that this is a potentially effective management tool. However, the task of developing a manual of procedures is an enormous one and needs to be preceded by a thorough review of the policies for the organization. It is anticipated that when the review and rewriting of policies is complete, there will be a second phase involving the development of a procedure manual (commonly referred to as “administrative regulations”).

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation #11: Improve general business office controls.

Implementation Action(s) per the BOCES:

- a. *The Personnel Director (who is also the Assistant District Superintendent) does not sign or initial all personnel or payroll documentation reviewed, such as payroll/personnel changes and other miscellaneous payroll/ personnel documentation reviewed.*

Response: As of August 1, 1999, all recommendations for employment are reviewed (as they have been in the past) and initialed by the Assistant Superintendent.

- b. *TST BOCES does not review original copies of teacher certifications and does not always review original copies of transcripts/diplomas.*

Response: As of August 1, 1999, original copies of teacher certifications and transcripts must be presented prior to employment and/ or issuance of salary credit.

- c. *The location of the key to the safe with the signature disk is not secured.*

Response: As of July 1, 1999, the key to the safe is in a secure (i.e., locked) location.

- d. *Key business employees are not required to take vacations. When they do take vacations, their work is not done until they return.*

Response: While vacations are not required, an effort is being made to cross-train employees wherever practicable and feasible (see item e. below), and critical job functions are performed by other employees when staff is on vacation.

- e. *Key business employees are not cross-trained.*

Response: Efforts are being made to cross-train employees wherever possible. With a limited number of employees, it is not always practical to cross-train for full job functions.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 12: Improve the long-range educational program plan.

Implementation Action(s) per the BOCES:

BOCES educational plans are dependent upon the needs of local school districts. Any long-range plan must, by necessity, include those needs. TST BOCES area school districts will be developing Comprehensive District Educational Plans (CDEP) on a regional basis, and these planning efforts will be used by BOCES to develop its plan.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 13: Ensure mileage reimbursement is accurately reflected in wage records.

Implementation Action(s) per the BOCES:

This item has been fully corrected. No longer is mileage paid at the IRS rate in addition to payment/provision of gasoline.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 14: Ensure only reasonable and necessary expenditures are incurred.

Implementation Action(s) per the BOCES:

Several items are identified in the Audit as follows:

Coffee for employees: Every effort is being made to insure that coffee provided to employees is reimbursed to the organization.

Car Washes: This occurred only once and employees have been instructed not to wash personal cars at BOCES expense.

Varsity Club Trip: This is a club expense and should not have been paid by BOCES. Future expenses will not be paid.

Restaurant gift certificates (perfect attendance): While it is agreed that this may not be a necessary expense, it is a reasonable expense that encourages good attendance, recognizes those

who have same, and is a typical part of the rewards/compensation for employees in many organizations.

Lunches and snacks provided to BOCES employees during meetings: A Board policy regarding meals and snacks for work-related meetings has been adopted.

A catered Board/Retirement Dinner: It is agreed that this was an unnecessary expense, and any future occurrences are prohibited.

Legislative breakfast for legislators and Board Members: This is considered a necessary part of communication with legislators and appropriate lobbying efforts.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 15: Ensure transactions are correctly classified and credit card transactions are adequately documented.

Implementation Action(s) per the BOCES:

New procedures have been implemented during the 1998-99 school year. Staff has been instructed on the appropriate coding for various transactions. Similarly, all credit card transactions must have appropriate documentation of the specific charges (name of the person(s), dates, purpose of the charges, etc.) submitted with the credit card receipt.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation #16: Ensure CO-SER guidelines are adhered to.

Implementation Action(s) per the BOCES:

This item refers to the use of temporary workers. In the future, temporary workers will be used only in instances of organizational emergencies (for example: when a person is out ill and must be replaced on a temporary basis).

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation 17: Ensure all TST BOCES-owned vehicles are clearly marked and mileage logs are maintained.

Implementation Action(s) per the BOCES:

Decals have been ordered for all vehicles, and a uniform mileage log has been ordered for each person using a BOCES vehicle.

Audit note:

Implemented Partially Implemented Not Implemented

Recommendation #18: Ensure the storage of confidential information is secure.

Implementation Action(s) per the BOCES:

This item refers to material, primarily the records of the Business Office, that are stored in our warehouse. A separate and secure metal storage area has been constructed in which the materials are now housed.

Audit note:

Implemented Partially Implemented Not Implemented

Contributors to the Report
Tompkins-Seneca-Tioga BOCES

- Calvin Spring, Audit Manager
- Ronald Talarico, Auditor-in-Charge, Associate Auditor
- Patrick Orton, Senior Auditor
- George Rowe, Senior Auditor



For Candor • Dryden • George Junior Republic • Groton • Ithaca • Lansing • Newfield • South Seneca • Trumansburg
Richard J. Weiss
Director of Administrative Services

October 23, 2006

Calvin Spring
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AUDIT SERVICES

Dear Cal,

This is the response to the recommendations made in the July 1, 2004 through March 30, 2006 Draft Audit Report of the TST BOCES. I will go down the list in the order of the recommendation and inform you of how we plan to address each one.

Recommendation 1: Ensure that a complete budget status report is provided to the Board at least quarterly (monthly if budget transfers were made).

Response: *The budget status report will continue to be given to the Board on a monthly basis and it will be revised to show both revenues and expenditures.*

Recommendation 2: Appoint a Deputy Treasurer and execute and file the necessary paperwork.

Response: *I will be appointed by the Board as the Deputy Treasurer.*

Recommendation 3: Appoint a Board designated person responsible for each petty cash fund on an annual basis.

Response: *We will name the individual who is responsible for each petty cash fund in addition to the title of that person.*

Recommendation 4: Ensure the Board authorizes individuals collecting money at various TST BOCES locations.

Response: *The Board will adopt a resolution authorizing all individuals collecting money at various locations.*

(continued)

Recommendation 5: Ensure the Central Treasurers of the TST BOCES extra classroom activity fund have been appointed by the Board.

Response: *The Board will also pass a resolution appointing the Central Treasurer for the extra classroom activity funds.*

Recommendation 6: Correctly designate the current TST BOCES Auditor as Claims Auditor and not as the Internal Auditor.

Response: *The Board has already passed a resolution appointing our person as the Claims Auditor and will continue to do so in the future.*

Recommendation 7: Implement a policy for the sale of CTE services and products to staff and the public specifying timely billing and payment.

Response: *We have implemented an Administrative Guideline for the sale of CTE services and products to staff and the public, specifying timely billing and payment. These guidelines are clearly articulated on our website and on our new work order forms.*

Recommendation 8: Establish procedures requiring the use of press numbered work orders that are signed by the customer prior to work commencing.

Response: *A new press numbered work order form has been adopted and is being used in all areas where customer work is done by students, especially in our automotive classes. The work order takes the form of 3 NCR sheets, each press numbered. The customer's rights and responsibilities also appear on this form. Upon completing the form and securing the customer's signature, the teacher gives one sheet to the customer, one is kept by the teacher, and the third is sent to the CTE office Account Clerk for filing.*

Recommendation 9: Release vehicles only upon payment – any deviation to this policy should be approved by the Board or the Board's designee.

Response: *Our new website statement and the new work order forms clearly state that vehicles will not be released until the customer pays for any costs incurred.*

Recommendation 10: Ensure that no customer with an unpaid balance be provided additional repairs or services.

Response: *Our website and the new work order form state that no work will be done for customers with unpaid balances.*

Recommendation 11: BOCES should not use petty cash from the extra classroom activity fund to buy parts, even if it is for an emergency.

Response: *Teachers and staff have been informed that the use of petty cash (from extra classroom activity accounts) to purchase customer parts is absolutely forbidden.*

(continued)

Recommendation 12: Establish an automated accounting system for the work orders, invoices, and revenues that will ensure the information is reflected on TST BOCES books of records.

Response: *An automated accounting system for the work orders, invoices, and revenues has been established. Copies of all work orders, invoices, and collected revenues will be submitted to the CTE Department's Account Clerk.*

Recommendation 13: Ensure all receivables due to TST BOCES are entered and accounted for in its official records. This includes payments for all services, supplies, and parts provided in CTE retail transactions.

Response: *All receivables due to TST BOCES will be submitted to the Central Business Office by the CTE Department's Account Clerk by the close of each business day.*

Recommendation 14: Establish procedures to use sign-in and out sheets for all EPE traditional classrooms.

Response: *We have utilized the sign-in/out sheet from our Xenegrade Database. This will be printed each month for each ESL class code. At month's end, a data entry staff member will cross-check the daily attendance with the daily sign-in sheet prior to entering the attendance data. Staff have been notified of this new procedure and we have provided notebooks for each instructor to keep this information easily accessible.*

Our GED Instructors who have a much smaller class size will utilize a sign-in sheet with space for date, signature, time in and time out. Several days may be recorded on one page. The correlation with attendance sheets will be the same as the ESL Instructors. I have enclosed a copy of these sheets for review.

Recommendation 15: Implement procedures to ensure the payees of outstanding payroll checks beyond six months old are contacted, and if contact is not possible to cancel the checks.

Response: *The Payroll Clerk has already developed a letter that will be used and sent, three times, to anyone who has an outstanding payroll check. If at the end of the third time we have not had a response, we will void the outstanding check.*

Recommendation 16: Ensure that when collecting monies, the Treasurer of the TST BOCES uses a duplicate treasurer's receipt book to issue press numbered receipts.

Response: *We do not feel it is necessary to start using a duplicate Treasurer's receipt book. Our accounting software assigns numbers each time money is received; it will not skip or duplicate. As soon as the information is input, the system prints out a receipt. We also keep a log of all checks opened by a separate employee in the Business Office before it ever goes to the Treasurer for deposit. We believe that this more than takes the place of a handwritten duplicate treasurer's receipt book.*

(continued)

Recommendation 17: Ensure the District Superintendent signs off on the recycled equipment list.

Response: *In the current **Asset Management System**, a standard form called the **Recycling Approval Report** has been developed that lists pertinent information related to items that will be recycled. The District Superintendent will be given completed Recycling Approval Reports and will be asked to sign off on the items to be recycled in an appropriate location on the Report before listed items are recycled. A copy of the **Recycling Approval Report** is attached.*

Recommendation 18: Implement procedures to restrict access to TST BOCES' fuel pumps.

Response: *The Gasboy control box is where the key switches are located that control both the unleaded fuel and diesel fuel pumps. There is a lock built into the handle that is used to open the Gasboy control box to gain access to the key control switches that power up the fuel pumps. Up until now this handle has never been maintained locked. Beginning immediately, the handle to the Gasboy control box will be maintained in the locked position during non-business hours. The handle will be unlocked during normal business hours so that authorized personnel will be able to have access to the key control switches inside of the box.*

A key to the Gasboy handle will be located in the office of the Head Mechanic in the Maintenance Building G. Only authorized personnel will be granted access to this key during non-business hours.

I believe this answers and responds to all of the recommendations made in the draft audit that we received. If you have any questions or need additional information, do not hesitate to contact me.

Very truly yours,

Richard J. Weiss
Director of Administrative Services

RJW:cd
Enclosures (2)