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# Audit Report

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Western Suffolk  
Board of Cooperative Educational Services

For the Period

July 1, 1995 through June 30, 1996

BOC-1296-8

March 12, 1999

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





**THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY**  
12234

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March 12, 1999

Dr. David Gee  
District Superintendent of Schools  
Western Suffolk BOCES  
507 Deer Park Road  
Dix Hills, New York 11746

Dear Dr. Gee:

The following is our final audit report (BOC-1296-8) on the Western Suffolk Board of Cooperative Educational Services for the period July 1, 1995 through June 30, 1996. 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 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  
T. Sheldon  
C. Foster (DOB)  
H. Hoffman (OSC)  
R. Lindholm (OSC)  
bcc: G. Illenberg  
R. Kesper  
S. Spear

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# Executive Summary

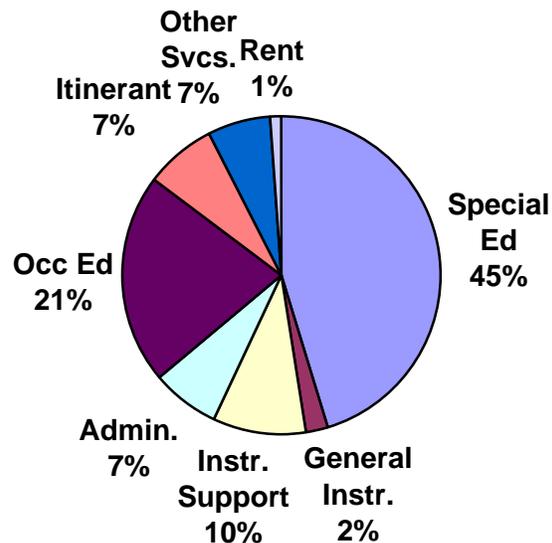
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Western Suffolk BOCES ranked as the 4th largest BOCES in the State, in terms of total general fund expenditures, for the 1995-96 school year (\$74,982,314).

The pie chart illustrates general fund expenditures by program area for the 1995-96 school year.

**Western Suffolk BOCES**



## Background and Scope of the Audit

The audit examined management practices, records and documentation related to selected areas of Western Suffolk BOCES operations for the period July 1, 1995 through June 30, 1996. These areas included Administration, Employment Preparation Education, Model Schools Program, and Computer Maintenance and Repair Service. This was a financial related audit and the objectives were to: determine if cost allocations and transfers were accurate and reasonable; determine if services comply with Department approved specifications; verify that only reasonable and necessary costs were incurred; and verify that the budgetary process provides control over the expenditure of funds.

## Audit Results

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

- Contact hours representing \$404,654 in EPE aid were incorrectly claimed (Schedule 1).
  - Expenditures of \$30,000 in the Model School Program are questioned for aid (pages 15-18).
  - Improvements can be made ensuring only necessary and reasonable expenditures are being made (pages 19-26).
  - Opportunities exist to improve management processes relating to competitive bidding, meal expense documentation, purchasing, credit card documentation, perpetual and periodic inventory, and a long-range facilities plan (pages 27-32).
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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 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. There are 38 BOCES in New York State and all but 13 of the 705 operating school districts in the State are members.

Each BOCES submits an annual Cooperative Services Application (CO-SER) to the Department for approval for each program and service offered to districts. After the BOCES obtains approval and determines budgeted program costs, it notifies the districts of available programs and the applicable rates.

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. Costs charged to the districts for administration and programs are based on budgeted costs and are adjusted at year-end to reflect actual costs. Typically, a refund is issued to the districts to reconcile differences.

Western Suffolk BOCES was established to be a means for the school districts of Western Suffolk County to cooperatively carry out studies, develop specialized facilities and to offer shared educational programs and services. Shared programs allow districts to offer opportunities to students and staff that might not otherwise be economically possible.

Western Suffolk BOCES, headquartered in Dix Hills, New York, serves 18 component districts. Western Suffolk BOCES ranked

as the 4th largest in the State, in terms of total general fund expenditures, for the 1995-96 school year.

## **Objectives, Scope and Methodology**

Pursuant to Sections 305 and 1950 of the Education Law, we audited management practices, records and documentation related to selected operations of Western Suffolk BOCES for the period July 1, 1995 through June 30, 1996. This was a financial related audit and the objectives were to:

- determine if cost allocations and transfers between funds and among CO-SERs are accurate and reasonable;
- determine if CO-SERs comply with Department approved specifications and provide measurable cost savings to school districts;
- verify that only reasonable and necessary costs were incurred;
- verify that the budgetary process provides control over the expenditure of funds; and
- verify the accuracy and reliability of data reported to the Department for Employment Preparation Education aid.

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 BOCES' audited financial statements.

There is no State or BOCES process to assess whether CO-SERs result in measurable cost services savings to school districts. As a result, the audit was not able to complete this portion of the scope.

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 transactions recorded in the accounting and operational records and applying other audit procedures considered necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made

by management. We believe that the audit provides a reasonable basis for our findings, conclusions and recommendations.

## **Comments of Western Suffolk BOCES Officials**

Western Suffolk BOCES officials generally agreed with the findings and recommendations in this report. Their response is included as Appendix B.

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# **Employment Preparation Education**

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Employment Preparation Education (EPE) programs serve 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 on Form SA-160.1, EPE State Aid Claim Form. Part 168.2 of the Regulations of the Commissioner of Education defines a contact hour as 60 minutes of instruction given by a teacher in an approved program. To ensure that EPE aid payments are appropriate, the number of reported contact hours must be clearly documented. Any undocumented or overstated contact hours will be questioned upon audit and revenues will be reduced accordingly.

Western Suffolk BOCES operates an EPE Program. Part 168.4 of the Regulations of the Commissioner of Education 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.

Western Suffolk BOCES claimed 534,194 contact hours for EPE aid totaling \$1,399,904 for the period July 1, 1995 through June 30, 1996. The audit found that Western Suffolk BOCES did not have adequate documentation for the contact hours claimed and needs to improve procedures for calculating contact hours. In total, the audit disallowed 155,636 contact hours representing \$404,654 in EPE aid (see attached Schedule 1).

The audit report will be used by the Department to adjust future aid payments to Western Suffolk BOCES.

## **Contact Hours Claimed Were Not Supported in Total**

Western Suffolk BOCES officials have indicated that contact hours reported on the Form SA-160.1 were obtained from EPE Rate Reports. These reports are generated by Western Suffolk BOCES to provide support for contact hours claimed. The reports show total contact hours for each student by class. Western Suffolk BOCES prepares a separate report for the first and second six months of the school year.

During audit field work, Western Suffolk BOCES provided EPE

Rate Reports that did not support the total hours reported on forms SA-160.1 and SA-160.2. Hours reported on the EPE State Aid Claim forms exceeded the total hours on these initial reports by 16,629 hours. Western Suffolk BOCES provided revised EPE Rate Reports in conjunction with their response to the Preliminary Audit Findings. These revised reports included an additional 55,156 contact hours.

Western Suffolk BOCES officials indicated that they have improved their collecting and reporting procedures. In addition, they noted that the revised EPE Rate Reports indicate they actually underreported contact hours by 38,257 hours. The revised EPE Rate Reports were used as a starting point for determining the number of contact hours eligible for aid.

## **Use of Electronic Records to Document Contact Hours**

According to the Regulations of the Commissioner of Education (Reissued 7/95), Appendix I, Item 2[44], there is a six-year record retention requirement for student attendance records (register). These records include, but are not limited to, each student's name, date of birth, names of parents or guardian, address, attendance, absence and tardiness.

In addition, an October 1995 EPE memo from the Department to BOCES Administrators states that the number of reported contact hours must be clearly documented. BOCES must maintain classroom attendance rosters of all students who attend EPE Programs. Documentation must clearly support reported contact hours.

Western Suffolk BOCES maintains that its electronic records sufficiently document reported contact hours. However, the Department requires that classroom attendance rosters be maintained for all students who attend EPE Programs. Classroom attendance rosters are expected to be maintained by teachers and contain the teacher's name, class name, class hours, a list of students and the daily attendance.

The audit requested that Western Suffolk BOCES provide evidence to document that the electronic records maintained during the audit period were equivalent in all material respects to classroom attendance rosters. Western Suffolk BOCES officials provided printouts as examples of its electronic student attendance records.

The printouts provide some assurance that Western Suffolk BOCES' electronic records correlate to the number of contact hours reported. However, a comparison of the electronic records and actual teacher attendance forms noted some absences that were noted on teacher attendance records were not recorded in the electronic records. As a result, actual contact hours were overstated.

Western Suffolk BOCES' electronic attendance system credits a student with the maximum number of class hours available if the student is not absent. The teacher completes a form if a student was late or absent. This type of exception attendance system favors the Western Suffolk BOCES if errors occur, that is, if a form is lost, Western Suffolk BOCES will count class hours for the student. There is no incentive to Western Suffolk BOCES to find or develop controls to detect and correct errors.

The audit questions the use of a system that relies on absences being reported accurately. Any errors related to unrecorded absences will result in contact hours being overstated. A system based on positive assurance, whereby actual contact hours are accumulated, is likely to provide more reliable data.

Western Suffolk BOCES' officials claimed that the need to retain teacher attendance records is redundant given the existence of its electronic records. However, without the existence of teacher attendance records, the errors and omissions noted during the audit could not have been detected.

We encourage Western Suffolk BOCES in applying technology and making refinements to its electronic system to ensure the accuracy of its attendance data. A manual attendance recording system has to provide an audit trail that shows how the students' class hours are accumulated to equal the total contact hours claimed. An electronic system that totals contact hours must provide a similar audit trail to the classroom attendance of each student. We encourage Western Suffolk BOCES to apply technology to provide a sufficient trail to classroom attendance.

## **Documentation for Reported Contact Hours**

A Department memorandum dated October 1995, to all BOCES District Superintendents states the following; "...to ensure that EPE revenues paid to the district or BOCES are appropriate, the number of reported contact hours must be clearly documented. Any undocumented or overstated contact hours will be questioned

upon audit and revenues will be reduced accordingly. The district or BOCES must maintain classroom attendance rosters of all students who attend EPE programs. Documentation must clearly support reported contact hours..." Section 168.3 of the Commissioner's Regulations states that student folders are to include information concerning registration, attendance, testing and individual program needs.

The audit tested a judgmental sample of attendance documentation for 41 EPE students. Attendance information was not in the students' folders. Also, attendance records provided were often incomplete or inaccurate. As a result, the audit reviewed class records and this review resulted in disallowing 5,323 contact hours out of 11,606 tested (Schedule 2).

## **Nontraditional Modes of Instruction**

Part 168.5 of the Commissioner's Regulations defines how aid is calculated for nontraditional modes of instruction. The Regulations require that each participating district or BOCES maintain appropriate records of enrollment and teacher hours.

### *Documentation of Enrollment*

Attachment #2 of the EPE Comprehensive Plan of Service Application for 1995 provides instructions for determining EPE hours for nontraditional modes of instruction. The attachment notes that for aid purposes school districts and BOCES are limited to an average of 30 minutes per week of teacher time for each person actively enrolled. Western Suffolk BOCES officials indicated that logs were maintained to record contact with students enrolled in nontraditional programs. However, Western Suffolk BOCES did not retain logs. As a result, the number of students actively enrolled in these programs could not be determined.

### *Calculation of Contact Hours*

Western Suffolk BOCES stated that an examination of payroll and sign-in records revealed a total of 10,021 teacher hours related to non-traditional instruction. Further, Western Suffolk BOCES officials indicated that staff hours "multiplied by the approved multiple of 12, corresponds to 120,249 contact hours of documented nontraditional instruction provided." Actually, these are the maximum number of contact hours eligible for aid. However, Western Suffolk BOCES lacked a system to ensure

that contact hours claimed for aid did not exceed the maximum eligible for aid. As a result, nontraditional contact hours reported by Western Suffolk BOCES totaled 217,811, consequently overstating contact hours by 119,590 as shown in the table below.

Table 1  
Nontraditional Contact Hours

	Hours Initially Reported	Additional Hours Reported	Total
External Diploma Program	22,432	7,114	29,546
GED on TV	23,617	7,199	30,816
GRASP	79,444	1,283	80,728
Home English Language Program	92,318	6,431	98,749
	217,811	22,028	239,839
Maximum number of hours eligible for aid			120,249
Contact hours overstated			119,590

Source: EPE Rate Reports

As the table shows, Western Suffolk BOCES overclaimed 119,590 contact hours for EPE aid. These contact hours equate to \$310,934 in excess EPE aid.

## Career Counseling and Intake Assessment Hours Not Documented

The EPE Program, Comprehensive Plan of Service Application for 1995-96, noted that "new legislation permits evaluation and intake assessment by a teacher leading toward the development of education and employment preparation plans for individual adult students. Counseling service for any purposes other than the development of education and employment preparation plans for students is not aidable through EPE." Additionally, according to a memo sent from the Department to all BOCES District Superintendents dated October 1995, career counseling and evaluation, and intake assessment hours are eligible for EPE aid provided that these program activities are conducted by a teacher.

Western Suffolk BOCES reported 68,930 hours for intake assessment (42,262) and career counseling (26,668) on their revised EPE rate reports. These hours represent more than 12 percent of the total contact hours claimed. According to the Assistant Director of Occupational Education, each student file



therefore did not receive an exit assessment; and 3) students that may have left a program before an exit assessment was done because they moved or lost interest.

Also, Western Suffolk BOCES has provided no documentation to support their assertion that the administration and scoring of standardized exams require 3.5 hours per student per administration (on average). CTB/McGraw-Hill is the publisher of TABE exams (Tests of Adult Basic Education), one of the standardized tests given by Western Suffolk BOCES. An employee of CTB/McGraw-Hill indicated that there are no estimates for the amount of time that it takes to score the exams. In addition, they indicated that administration time is minimal, about 10 minutes.

Furthermore, the student folders reviewed do not document that these one-hour individual counseling sessions were actually provided.

## **Duplication of Reported Contact Hours**

Part 168.2 of the Commissioner's Regulations defines a contact hour as 60 minutes of instruction given by a teacher in an approved program. Western Suffolk BOCES officials indicated that contact hours reported on Form SA-160.1 were obtained from the EPE Rate Report. An examination of contact hours listed on the EPE Rate Reports noted a duplication of certain contact hours. As a result, Western Suffolk BOCES overstated contact hours claimed for aid.

Western Suffolk BOCES officials have corrected 1,677 duplicate hours and stated they have improved their system to detect duplicate students by using social security numbers. However, officials state that many ESL students either do not want to disclose their social security numbers or do not have one due to immigration status. Western Suffolk BOCES needs to continue to study ways to prevent duplicate student contact hours.

## **Ineligible Contact Hours Claimed for Aid**

Part 168.3 of the Commissioner's Regulations specifies the approval requirements for EPE Programs. School districts and BOCES are required to submit a comprehensive plan of service application to the Department. Upon evaluation of the application, the Department notifies school districts and BOCES of those portions of the plans of service that will be aidable. "No

aid shall be payable unless the program is approved by the Commissioner of Education.”

Part 168.2 of the Commissioner’s Regulations defines EPE Programs as “programs leading to a secondary credential for individuals who are at least 21 years of age and who have not received a high school diploma or high school equivalency diploma. Such programs may include, but are not limited to, day and evening programs which provide instruction in basic education, life skills, high school equivalency examination preparation, English as a second language, and regular credit bearing high school courses.”

In October 1995 the Department issued a memo to all BOCES District Superintendents clarifying policy guidelines for generating and expending EPE aid. This memo noted that high school credit courses that lead to a Regents diploma may generate EPE State Aid under the high school credit component.

Western Suffolk BOCES claimed contact hours for classes that were not listed on the approved EPE application and appear to be ineligible for aid. These classes are shown in the table below.

Table 3  
Classes Not Approved for Instruction

Class name	# of hours claimed	# of students	Avg. # of hours/student
Italian Conversation and Culture	96	4	24
Spanish Conversation and Culture	84	3	28
Italian Cooking	84	2	42
Regional American Cooking	42	1	42
How to Start your Own Business	15	1	15
Total	321	11	

Source: BOCES EPE records

These classes seem more typical of adult continuing education classes rather than EPE eligible classes. Western Suffolk BOCES claimed contact hours for only twelve students that took these classes. These students did not take any other EPE classes and therefore it is unlikely that these students are pursuing a secondary credential. Western Suffolk BOCES officials indicated that these classes would lead to high school credit as electives. The audit questioned 321 claimed contact hours totaling \$850.

Officials claim that these courses are often offered as electives. However, these courses were not included in the list of high school credit courses that was included in Western Suffolk BOCES' comprehensive plan of service application.

## **Student Folder Documentation Needs Improvement**

Commissioner's Regulations, Section 168.3, requires that every student served in an EPE Program shall have an individual student folder that is easily accessible to the student and the teacher and includes information concerning registration, attendance, testing, and individual program needs. At a minimum, registration information must include the student's name, class attendance, date of birth or age, and the student's diploma status.

The audit reviewed 39 student folders for required documentation. Student attendance records were missing or incomplete for all of these student folders. In addition, two of the 39 student folders did not contain any diploma status or date of birth information. Also, a third student's diploma status could not be verified since documentation in the student folder did not match other diploma status documentation found.

The Department requires that electronic records contain everything that hard copy (paper) records would contain. Western Suffolk BOCES' electronic records do not contain all the data that a student folder should have in it.

## **Individual Education and Employment Preparation Plans Need Improvement**

Beginning in 1995-96, each student folder is also required to contain an individual education and employment preparation plan. While there are no specific requirements for what the plans should contain, it is expected that the plans would include such information as testing results, placement information, an outline of planned courses and employment objective(s) including a timetable.

The audit reviewed 39 student folders to determine if each contained individual education and employment preparation plans (IEEPPs) as required. Two folders contained Job Employability Plans. These plans contained such items as employment goals, barriers to these goals, specific needs to overcome barriers to

employment, and a plan of activities and services. Test scores for math and reading were also included on these forms. As such, the Job Employability Plans meet the requirement for IEEPPs. The remaining student folders did not contain such information.

The Assistant Director of Occupational Education stated that the Adult Application Form was the individual education and employment preparation plan. However, these forms were not included in all folders reviewed and they do not contain the expected information for IEEPPs. Western Suffolk BOCES can better comply with Department requirements by maintaining IEEPPs in each student's folder.

## **Recommendations**

1. Consider changing the electronic attendance system to one that accumulates contact hours.
2. Ensure that original and adequate EPE attendance records are physically retained in the future.
3. Improve procedures to ensure that contact hours are accumulated and tabulated accurately.
4. Ensure that documentation of actual hours is maintained for counseling and intake assessment.
5. Ensure that duplicate contact hours will not be claimed for EPE aid and only eligible student hours are claimed.
6. Ensure that individual education and employment preparation plans and all other required data are included in all student folders in the future.

## **Comments of Western Suffolk BOCES Officials**

Western Suffolk BOCES officials basically agree in part with recommendations 3 through 6. They state that their electronic attendance system does accumulate contact hours. They also believe there is no need to keep original EPE attendance records. They also believe that all required data are in the electronic student records.

## **Auditor's Note**

However, our testing showed that all required data were not contained in the electronic student records. Although Department policy allows electronic records, it also clarified in the October 1995 memo that reported contact hours must be clearly documented. An electronic system that only shows total hours credited by student is not considered sufficient to document daily attendance. An audit trail which ensures that accurate classroom attendance data are accumulated is necessary. We encourage Western Suffolk BOCES to continue to improve their electronic system.

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# Cooperative Services (CO-SERs)

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BOCES must obtain the Commissioner of Education's prior approval before providing any service to school districts. The Cooperative Service Application (CO-SER) is the document used to request this approval. The *BOCES Administrative Handbook #2, Criteria-Guidelines for Approval of BOCES Services* delineates the minimum standards for the approval of service programs. A new service proposal must be submitted for any service that is new to a given BOCES.

Component school districts are eligible for BOCES aid. BOCES facilities and rent aid provide reimbursement for approved expenditures for facility construction, purchase, or lease. BOCES operating aid provides reimbursement for base year service costs and administrative expenditures with the following limitations:

- administrative expenditures may not exceed 10 percent of total expenditures;
- service expenditures are aidable only to the extent they are approved for aid;
- an employee's salary is aidable up to \$30,000;
- expenditures for education of pupils with disabilities are not eligible for BOCES aid. Public excess cost aid is provided to the district of residence for a student with disabilities; and
- expenditures for transportation are not eligible for BOCES aid. Transportation aid is provided to the district responsible for providing such services.

The audit reviewed the Model Schools CO-SER 536 and found inconsistencies between the Criteria-Guideline standards and actual operation of the program. The following sections explain each area in detail.

## **CO-SER 536 – Model Schools Program**

### *Hardware and Software Purchases*

The Criteria-Guideline for Model School Programs states that

expenditures for hardware and software included in this budget will not be eligible for aid. In addition, the approved program description for Western Suffolk BOCES' CO-SER 536 states "...there will be no hardware or software provided in this service. Should a district's long-range plan call for BOCES hardware or software, these services will be provided through CO-SERs already established for this purpose."

Western Suffolk BOCES' CO-SER 536 provided Model Schools Technology Planning and Implementation services. Western Suffolk BOCES spent \$1.6 million on capital equipment for CO-SER 536, primarily computer hardware and software. These purchases do not comply with Department approved specifications for this service.

Western Suffolk BOCES staff thought they had Department approval to code this hardware and software purchase under CO-SER 536.

### *Stipends (Middle Country)*

The Criteria-Guideline for Model School programs specify that expenditures for teachers' or teacher substitutes' stipends will be eligible for BOCES aid if the following conditions are met:

- The expenses incurred are related to attendance at activities composed of participants from two or more districts;
- Stipends are uniform for all participants and are paid in a uniform manner to be agreed to by BOCES and participating districts; and
- Payment for substitutes is initially made by the participating districts and reimbursed by BOCES.

Middle Country Central School District billed Western Suffolk BOCES for stipends paid to employees who participated in a Model Schools Computer Workshop. This workshop was only attended by participants from that district. In addition, the stipends were not paid uniformly to each participant. Stipends ranged from \$32 to \$60 per hour (plus 30 percent for fringe benefits). As a result, the stipends do not meet the conditions required to be eligible for aid. In addition, Department policy does not provide for fringe benefits in the payment of stipends.

The audit questions whether the amount paid as stipends

\$20,867.60 (includes fringes) is eligible for BOCES aid. Western Suffolk BOCES officials believe that their current procedure for paying stipends is in total compliance with CO-SER guidelines.

### *Technology Planning*

The Criteria-Guideline for Model Schools Technology Planning and Implementation Process notes that the service is designed to help teachers learn about and apply technology in the classroom. The Criteria-Guideline identifies activities to be provided including planning, curriculum development, staff development and evaluation.

The Criteria-Guideline also identifies certain standards for approval. One standard specifies that participant expenses eligible for aid are limited to meals, lodging and transportation. Another standard notes that expenditures for teacher or substitute stipends and consultants will be eligible for aid if the conditions mentioned on the previous page are met.

As part of CO-SER 536, Western Suffolk BOCES contracted with IBM to provide technology planning services to school districts electing to participate. The agreement stipulated that IBM would bill \$58,850 to Western Suffolk BOCES for each participating district. However, IBM would pay the participating district \$30,000 for a designated teacher's role during on-site support days. Western Suffolk BOCES would subsequently bill the district for the total cost of the service.

The net cost of the IBM contract appears to be \$28,850 and would appear to be eligible for BOCES aid. However, the audit questions whether the remaining \$30,000 is eligible for BOCES aid. This expense is not considered a consultant expense because it is returned to the participating district. Additionally, the remaining \$30,000 is not an eligible participant expense because it does not meet the standard CO-SER Criteria-Guideline for such expenses. Also, it does not constitute an eligible stipend. As a result, the expense does not meet the criteria for BOCES aid.

The provision of the contract requiring IBM to reimburse the district appears to only generate additional BOCES aid for the district, not provide a service. Such a strategy should only be pursued within the standards for approval included within the Criteria-Guideline.

The audit questions whether the \$30,000 is eligible for BOCES aid. Western Suffolk BOCES officials believe that the reimbursement agreement with IBM was conducted at arms-length.

## **Recommendations**

7. Ensure that the Model School Program services comply with Department approved specifications.
8. Amend expenditure reports to exclude the \$30,000 and properly claim BOCES aid.
9. Ensure that stipends follow criteria established by the Criteria Guideline for teachers or teachers or teacher substitutes.
10. Ensure that, in the future, contracts that include maximizing BOCES aid will only be pursued within the standards for approval included within the Criteria-Guideline.

## **Comments of Western Suffolk BOCES Officials**

Western Suffolk BOCES officials basically concur with recommendations 7, 9 and 10. They believe the \$30,000 is eligible because the contract was approved by their Board and meets the criteria guideline.

## **Auditor's Note**

The issue of aid eligibility is determined by whether the expense meets the requirements of the criteria guideline for the service. Approval of a contract by the BOCES Board is separate and distinct from compliance with the criteria guidelines, which is a Department determination.

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# Expenditures

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General Municipal Law, Section 100(a), states that the competitive bidding statutes of New York State are to be construed “to assure the prudent and economical use of public moneys for the benefit of all the inhabitants of the state and to facilitate the acquisition of facilities and commodities of maximum quality at the lowest possible cost.” In addition, General Municipal Law, Section 104(b), requires that goods and services that are not required by law to be bid “must be procured in a manner so as to assure the prudent and economical use of public moneys in the best interests of the taxpayers ... to facilitate the acquisition of goods and services of maximum quality at the lowest possible cost under the circumstances, and to guard against favoritism, improvidence, extravagance, fraud and corruption.” These statutes along with Department and BOCES policies serve as a basis for determining whether expenses are reasonable and necessary.

## Occupational Education Yearbooks

BOCES spent \$6,112 for yearbooks for Occupational Education students. The yearbooks were sold to students and the proceeds were deposited in the Wilson Tech VICA (Vocational Industrial Clubs of America) account. These funds were subsequently used for VICA club activities. Yearbooks have historically been a student expense, which is consistent with Western Suffolk BOCES selling the books to their students. As a result, this expenditure is not considered a reasonable charge to Western Suffolk BOCES. In addition, districts received BOCES aid on these expenses inappropriately. While BOCES may purchase yearbooks from the general fund, the corresponding revenue should be used to offset those costs.

Western Suffolk BOCES officials stated that the funds were deposited in the VICA account in error. They further state that Western Suffolk BOCES no longer purchases yearbooks.

## Computer Maintenance and Repair Services (CO-SER 536)

Western Suffolk BOCES contracted with a vendor for computer maintenance. Under the contract, Western Suffolk BOCES was billed \$295 for each on-site service call. During the 1995-96 school year, Western Suffolk BOCES spent a total of \$114,878 on this service. Use of the vendor rather than Western Suffolk

BOCES' staff in some cases appears to have been inefficient and resulted in unreasonable expenses being incurred. Western Suffolk BOCES officials represented that staff were intended to be the first line of defense for repair problems. However, it appears that this system was not working as planned during the audit period. As a result, the contractor did activities such as replacing broken mice, reloading software, and cleaning and testing diskette drives. The audit believes this is an area that presents Western Suffolk BOCES with an opportunity to save.

Western Suffolk BOCES officials stated there is no reason to view the cost of a vendor service call arrived at through the bid process as unreasonable. They maintain that the contracted services were to supplement the limited BOCES staff and that quick response time is important.

## **Administrator Perquisites**

Nine administrators were assigned Western Suffolk BOCES-owned vehicles for use in performing their duties and for commuting to and from work. The number of employees receiving this benefit is considered excessive compared to other BOCES (Southern Westchester, a similar size BOCES, has four vehicles assigned to administrators). In addition, the audit questions whether the practice of assigning so many vehicles to individuals is an efficient use of resources. Use of the vehicles for commuting provides little value for Western Suffolk BOCES. For the employees, the value of the cost of commuting must be calculated and reported as income for tax purposes. This creates an additional administrative burden for Western Suffolk BOCES and diminishes the benefit received by the employee. In addition, a "pool" car concept could result in a more efficient use of the vehicles for Western Suffolk BOCES purposes. For example, if certain administrators do not require extensive use of a vehicle, other than for commuting, two or more individuals could share one vehicle.

Western Suffolk BOCES officials maintain that the Board authorized the District Superintendent to assign vehicles to administrators for official use as well as for commuting. They claim that these vehicles are safe and secure at the administrators' homes, although no documentation was provided to state that the vehicles are kept in locked garages. Western Suffolk BOCES did not address the potential savings by not assigning vehicles to nine administrators.

## **Expenses Related to the District Superintendent**

A sample of the expenses submitted by the District Superintendent for reimbursement disclosed that documentation for the purposes can be improved. Also, the reasons were not always documented for exceeding federal lodging per diem rates.

Western Suffolk BOCES officials stated all these expenses reflect what they consider customary duties of the District Superintendent, but that documentation could be improved.

## **Certain Meal Expenses Questioned**

The Office of the State Comptroller's *Financial Management Guide for Local Governments* (Guide) notes that the local government board "should promulgate specific rules and regulations concerning the reimbursement of expenses." Further, it notes that "the rules and regulations should set forth the type of expenses which will be reimbursed, the procedures and documentation necessary to support the reimbursement and any reasonable dollar or time limits which the board may wish to set."

The Guide also provides some examples of rules and regulations the board could adopt such as establishing reasonable maximum reimbursement rates to cover actual lodging and meal expenses. Also, the board should adopt a procedure for reimbursement of expenses in excess of the ceiling amounts when properly justified.

Western Suffolk BOCES' policy regarding official expense reimbursement states that individuals may be reimbursed for reasonable and necessary expenses. The policy does not provide any guidelines regarding what would be considered reasonable. As a result, the likelihood that unreasonable expenses may be incurred is increased.

The federal government establishes a regular federal per diem rate which is the highest amount that it will pay to its employees for meals, lodging and incidental expenditures while they are traveling (away from home) in a particular area. The rates are for different areas across the continental United States and there are separate rates for meals and lodging. Employees of New York State are also limited to these rates when traveling.

The audit reviewed a sample of meal expenditures and used

federal per diem rates as the basis for a reasonableness test. The review disclosed that Western Suffolk BOCES could realize considerable savings by following the federal per diem rates.

The review demonstrated that Western Suffolk BOCES should consider developing a policy that defines what is considered a reasonable amount for meal expenditures. A ceiling for actual meal expenses could be established using the federal per diem or a certain percentage or dollar amount above or below that amount. Another alternative is that Western Suffolk BOCES could establish a per diem meal allowance. Section 77 (c) of the General Municipal Law permits local governing boards to establish per diem meal allowances, subject to a maximum, to reimburse officers and employees for meals in connection with travel on official business. Such policies would enhance accountability with Western Suffolk BOCES expenditures by providing a basis for defining reasonable meal expenditures.

Western Suffolk BOCES officials stated that they do not believe per diem limits are warranted or would be effective due to the wide variety of locations and circumstances involved. However, that is why per diem rates are established, to cover a wide variety of locations. The federal guidelines publish rates by counties at least yearly.

## **Meal Expenditures for Guests**

The Guide notes that the cost of meals for guests may not be paid unless a lunch or dinner meeting will promote a valid local government purpose. The Guide notes that “the claim for reimbursement should state the names of the guests and the topics discussed” and the board must carefully assess the appropriateness of any given expenditure of this nature.

### *Meals Purchased Through the School Lunch Fund*

Western Suffolk BOCES purchases meals through the school lunch fund for numerous meetings including board meetings, meetings of business officials, and others. Payment documentation does not indicate the names of the guests or the topics discussed. As a result, the information is insufficient to determine the necessity of each of the meal charges. However, the prices paid appear reasonable.

Western Suffolk BOCES officials state that since all meal expenses are approved by an administrator, the detail of the

participants or purpose is not necessary and can be verified through various schedules and other documents. The audit maintains that if other documents exist to support the meal expense, they should be attached so someone unfamiliar with the transaction knows the purpose and participants. This is part of good internal controls over public funds.

## **Semi-Annual Luncheon Meetings of the (Component) District Superintendents**

The expenses tested are considered necessary but not reasonable. A recap of the invoices related to these events is shown on the following table.

<u>Check #</u>	<u>Amount</u>	<u># of Participants</u>
162620	\$915	16
167451	\$1,170	20
	\$2,085	Average cost per person \$58

The amount paid per person is considered unreasonable. As a comparison, Western Suffolk BOCES paid \$8.25 per person for a cold buffet luncheon for a meeting of 20 school business officials. In addition, payment documentation does not indicate the names of the guests or the topics discussed.

Western Suffolk BOCES officials stated that the cost of the semi-annual meetings also includes the cost of a separate room to conduct the meeting and they do not consider the cost unreasonable.

## **Lunch Meeting with Staff Member of the Assembly**

Western Suffolk BOCES spent \$85 (check # 163923) for a lunch meeting attended by the District Superintendent and a staff member of the New York State Assembly. The amount of this expenditure is considered unreasonable. Western Suffolk BOCES officials did not comment on this expenditure.

## **Local Dinner Meeting**

Western Suffolk BOCES spent \$150 (check #161963) for a dinner meeting on November 10, 1995 attended by the District Superintendent, an employee of the New York State Council of School Superintendents (NYSCOSS), and apparently the wife of the NYSCOSS employee. The meeting pertained to BOCES

legislation on shared services. Payment documentation related to this expenditure did not demonstrate the necessity of a dinner meeting as opposed to other arrangements. In addition, the amount of this expenditure is considered unreasonable.

Western Suffolk BOCES officials agreed that official expenses do not include spouses. They stated that all claims are reviewed for compliance with policy by both clerical staff and the internal auditor and that this instance was missed. However, without adequate documentation to support the expense, a review cannot assess compliance.

## **Dinner Meeting**

Western Suffolk BOCES spent \$105 (check #160890) for a dinner meeting on September 22, 1995 which occurred at an out-of-state conference. The meeting was attended by the District Superintendent, an employee of NYSCOSS, and another BOCES District Superintendent. The purpose of the meeting was not indicated. While the District Superintendent's meal is a necessary expense of Western Suffolk BOCES, paying for the meal of another BOCES District Superintendent is the responsibility of that BOCES, not Western Suffolk BOCES. Also, the necessity of paying for the meal of the NYSCOSS employee has not been demonstrated.

The other BOCES District Superintendent is entitled to reimbursement by his or her own BOCES and, if on a per diem, should have paid for his/her own meal. The employee of NYSCOSS should also be reimbursed by his/her organization for business-related expenses.

## **Spouse Lodging and Meal Expenses**

The Guide states that any additional cost incurred for lodging when an official is accompanied by a spouse is not an actual and necessary expenditure and the local government may not pay for it. The actual and necessary cost is the usual cost for a single occupancy room. Likewise, meal expenses for a spouse are not an actual and necessary expenditure.

The audit noted two instances where Western Suffolk BOCES incurred additional lodging and meal costs because an employee was accompanied by their spouse. There was no evidence to indicate that Western Suffolk BOCES was reimbursed for these expenses. Western Suffolk BOCES should obtain reimbursement

of over \$400 from the parties involved.

Western Suffolk BOCES officials indicated this was one employee who is no longer employed by Western Suffolk BOCES. They stated that Western Suffolk BOCES has often requested reimbursement for spouse expenses. The Guidelines state that public funds should not be used for spouse expenses. As such, Western Suffolk BOCES should not pay for spousal travel expenses.

## **Repayment of Reimbursed Childcare Expenses**

In December 1995 Western Suffolk BOCES reimbursed the District Superintendent \$1,318 for childcare expenses. It was subsequently determined in August 1996 that such payment had been made in error. In addition, it was determined that \$1,066 was owed to Western Suffolk BOCES for childcare services provided in 1995. The total amount owed to Western Suffolk BOCES was \$2,384. In October of 1996, the DS began repaying the amount owed by way of payroll deductions of \$91.69 per pay period for 26 pay periods.

Allowing extended repayment terms constitutes a loan of money. Western Suffolk BOCES officials deemed it was a mistake on the part of Western BOCES and in such overpayments, it is policy to recover such funds in a way that does not cause hardship to the employee. They do not believe the repayment constitutes a loan. Western Suffolk BOCES officials did not state whether all of the overpayment had been recovered before the employee left.

## **Sales Tax Paid**

The Guide states that sales tax paid to a hotel in New York State is not an actual and necessary expense reimbursable by the local government. Paying sales tax on car rental charges is also unnecessary.

The audit found several instances where Western Suffolk BOCES paid sales taxes unnecessarily, totaling \$175.

Western Suffolk BOCES officials stated that they did pay sales tax because the amounts were small, charged directly to a credit card and not considered worth the clerical effort to obtain credits from each vendor. Officials stated that current policy makes it clear that sales tax is not to be paid; however, the audit has

shown that Western Suffolk BOCES' policy is not being followed. If State employees allow sales tax to be charged, the payment of the tax is the employee's responsibility. The audit reviewed only a small number of transactions and found these amounts paid. Western Suffolk BOCES may need to obtain reimbursement from the employee who allowed sales tax to be charged to the Western Suffolk BOCES credit card since it is an unallowable cost. This is an area where the expenditure of public funds can be avoided.

## **Recommendations**

11. Ensure only reasonable and necessary expenditures are reimbursed.
12. Review the necessity of assigning nine employees Western Suffolk BOCES-owned vehicles.
13. Develop policies that define what is considered a reasonable amount for meal expenditures, appropriateness of meal expenditures for guests, and improve the documentation of meal expenditures.
14. Improve procedures so that Western Suffolk BOCES does not reimburse for sales tax in the future and request reimbursement of sales taxes paid.

## **Comments of Western Suffolk BOCES Officials**

Western Suffolk BOCES officials basically concur with recommendations 11, 12 and 14. They believe their current policy is sufficient to define a reasonable amount for meals and that payment for guests is only allowed with approval by the District Superintendent. They state it would not be cost-effective to collect the sales taxes paid.

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# Opportunities to Improve Management Processes

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Management is responsible for establishing effective management processes or controls. In its broadest context, management controls include the plan of the organization, methods, and procedures adopted by management to ensure that its goals are met. These processes include such areas as planning, organizing, directing and controlling program operations. They include systems for measuring, reporting and monitoring program performance. The audit reviewed several processes that it determined significant to the audit objectives and found several opportunities for improvements. These areas included competitive bidding, credit card documentation, perpetual inventory of personal property, and a long-range plan for educational facilities.

## Competitive Bidding – Data Wiring Services

General Municipal Law, Section 103, sets the bidding thresholds for contracts for public work (\$20,000) and purchase contracts (\$10,000). The Office of the State Comptroller has opined that a municipality may not permit a bidder who alleges to have made a unilateral mistake to make an upward revision after the bids have been opened (Opinions of the State Comptroller 81-205, 77-821). Allowing such a revision could easily frustrate the purposes of competitive bidding as a bidder could deliberately bid lower than all other competitors for the purpose of securing the status of low bidder and subsequently seek an upward revision through negotiation.

The audit reviewed documentation related to seven bid awards and found one instance where Western Suffolk BOCES allowed a bidder to make an upward revision after the bids were opened. Allowing the upward revision is inconsistent with competitive bidding statutes. Western Suffolk BOCES also incurred additional expenses as a result.

Bid #94-55 for data wiring services was opened on August 4, 1994. The bid asked for per unit prices on 18 different items as well as prices for four sample jobs. One company (Grumman) was the low bidder on each of the sample jobs. After the bids were opened, Western Suffolk BOCES requested that the company confirm the unit prices of two items. The company confirmed these prices by fax.

On August 16, 1994 the company notified Western Suffolk BOCES that it had made a typographical error on the price for one of the items. The bid price of this item had been previously confirmed as accurate by the company. Western Suffolk BOCES used the revised price in evaluating the bids and found that the company was still the low bidder on each of the sample jobs. The bid was awarded on the basis of the revised price.

Western Suffolk BOCES officials agreed that upward price revisions should not be allowed and will insert a statement to that effect in future bid instructions.

## **Competitive Bidding – Wide Area Network Management**

General Municipal Law, Section 100(a), states that the competitive bidding statutes of New York State are to be construed “to assure the prudent and economical use of public moneys for the benefit of all the inhabitants of the state and to facilitate the acquisition of facilities and commodities of maximum quality at the lowest possible cost.” General Municipal Law, Section 103, sets the bidding thresholds for contracts for public work (\$20,000) and purchase contracts (\$10,000).

In June 1994 Western Suffolk BOCES received bids and awarded a contract for the management of their wide area network (WAN). In addition to advertising the bid, Western Suffolk BOCES also mailed 15 invitations to vendors. Two bids were received and only one was deemed to meet all the contract specifications. The bid was awarded with a total estimated expenditure amount of \$120,000. Western Suffolk BOCES reserved the right to extend the bid contract prices, upon mutual agreement with the awarded vendor and board approval, year-by-year for a total of three additional years.

Western Suffolk BOCES’ bid file contained a comparison of WAN support contracts for 1993-94 and 1994-95. The services provided under each contract were different and the cost of the contract nearly doubled. Also, the comparison noted that “once the new network backbone is established and staff are trained, it is expected that the level of support now required will be reduced significantly. We intend to rebid for this service next spring and will actively encourage additional vendors to respond.”

Western Suffolk BOCES extended the contract into 1995-96 rather than rebid. Two factors suggest that Western Suffolk

BOCES may have realized cost savings if it had rebid the contract. First, the results of the bid process in 1994 (only one bid was usable) indicated that a more active solicitation of vendors would be required to achieve increased competition. Increased competition has generally been found to result in lower prices. Secondly, a decrease in the level of service required was expected.

Western Suffolk BOCES officials agreed that possible cost savings may have been realized if the contract had been rebid. They stated they will actively seek potential bidders.

## **Certain Meal Expenses Were Not Adequately Documented**

General Municipal Law, Section 77(b), authorizes BOCES to pay for all actual and necessary expenditures incurred by an officer or employee attending a conference. The Guide notes that as a general rule, a particular expense may be considered “actual and necessary” if (1) an expenditure was actually made; (2) the item was necessarily incurred for an authorized purpose; and (3) the expense was in an amount no greater than necessary.

During the audit period, Western Suffolk BOCES paid certain meal expenses without requiring evidence that the expenses were actually incurred. For example, employees were able to submit claims for meal expenses without receipts. As a result, Western Suffolk BOCES may have paid more than necessary. Officials point out that their policy was different during the audit period and was followed appropriately. They now require that meal expenses be properly documented.

## **Credit Card Documentation Needs Improvement**

The Guide advises that a claim for payment must include sufficient detail to permit a satisfactory audit by a person who is entirely unfamiliar with the transaction. General Municipal Law, Section 77-b, allows BOCES to pay for all actual and necessary expenses of travel, meals, lodging and registration incurred in attending a conference by authorized BOCES personnel. All claims for these travel reimbursements should be sufficiently itemized and supported by original paid bills, whenever possible, to substantiate that the expenses incurred were actual and necessary expenses of authorized personnel. Credit card company slips and account statements only support payment for goods and services purchased. They are not the itemized documentation of the expenses needed to substantiate that the

claim for reimbursement was proper. Claims processing prior to approval of payment of travel and conference expenses should include verification that travel or conference attendance was approved.

Western Suffolk BOCES did not retain sufficient documentation to support certain credit card bills. For example, in many cases original hotel bills were not retained and matched against the credit card invoice and documentation for meal expenditures did not include information on attendees or the purpose of the expense. It was noted that documentation of credit card bills seemed to improve later in the audit period.

The audit reviewed eight credit card bills totaling over \$12,800 and found: that the original hotel bill was not attached for three, names of individuals attending meals were not included for four, the purpose of the meal was not stated in 10 instances, and no receipt was attached for various charges in 15 instances.

Western Suffolk BOCES officials stated that the District Superintendent had incurred these expenses and had approved his own expenses. The officials maintain that all credit card payments are reviewed by both a clerical staff member and the internal auditor and approved by the administrator who incurred the expense. Internal control is lost if an administrator can approve his own expenses and not provide original bills or document the purpose and necessity of the transaction.

## **Perpetual and Periodic Inventory of Personal Property**

Section 170.3 of the Regulations of the Commissioner of Education requires that each BOCES develop and adopt a policy on personal property accountability. The Regulations require that such policies be consistent with certain provisions. These provisions require that each policy include procedures for the perpetual inventory of all personal property, including the periodic inventory of valuable personal property having a unit resale value of \$500 or more, on at least an annual basis, and the periodic inventory of all other personal property at least once every two years.

Western Suffolk BOCES has adopted a personal property accountability policy as required. However, the audit noted the following:

- Improvements may be needed in Western Suffolk BOCES'

perpetual inventory system to enhance accountability; and

- A strategy needs to be developed to ensure the successful implementation of the requirement for a periodic inventory of personal property.

These actions could improve Western Suffolk BOCES' control over personal property and reduce the risks of unauthorized use, disposition or loss of these assets.

### *Perpetual Inventory*

Western Suffolk BOCES has a system to maintain a perpetual inventory of personal property. The framework for this system was in place during the audit period. The audit reviewed a sample of computer purchases and noted three areas where Western Suffolk BOCES could make improvements. First, Western Suffolk BOCES did not maintain inventory printouts related to a purchase of computers for one district (South Huntington) totaling \$110,764. The district maintained a record of the inventory, but it was not as comprehensive as Western Suffolk BOCES' inventory records. Secondly, the value recorded for some items on the inventory did not reflect the actual price paid. For example, 94 computers were recorded at \$1,083 each rather than the actual price of \$980. Lastly, Western Suffolk BOCES purchased various computer components such as CD-ROM drives, memory upgrades, hard drive replacements, networking equipment, etc. The aggregate cost of these items totaled thousands of dollars, but was not recorded on Western Suffolk BOCES' inventory.

Western Suffolk BOCES officials indicated that all items are recorded in the Western Suffolk BOCES' inventory, but South Huntington School District's inventory needs to be added to the Western Suffolk BOCES' inventory program.

### *Periodic Inventory*

Western Suffolk BOCES has not yet determined how it will meet the periodic inventory requirements of the policy. Since Western Suffolk BOCES owns significant amounts of personal property at numerous locations, successfully implementing the periodic inventory is likely to be difficult. As a result, Western Suffolk BOCES needs to develop a strategy to meet this requirement. Such a strategy will help Western Suffolk BOCES ensure compliance with the Regulations as well as strengthen their

accountability over personal property.

Western Suffolk BOCES officials indicated that the storekeeper is now under the supervision of the purchasing department and a bar code reader has been acquired and will be used to increase the efficiency of the inventory system.

## **Long-Range Plan for Educational Facilities**

Commissioner's Regulation 155.1 states that "each school district shall provide suitable and adequate facilities to accommodate the programs of such district." To facilitate this objective "each school district shall develop and keep on file a comprehensive long-range plan for educational facilities. Such plan shall be reevaluated and made current at least annually..."

Western Suffolk BOCES does not have a current long-range plan for educational facilities. Maintaining a current long-range facilities plan would assist Western Suffolk BOCES in providing suitable and adequate facilities to accommodate its programs. In February 1997, the board adopted a policy requiring the development of a long-range plan.

Western Suffolk BOCES officials indicate their long-range facility plan was developed in January 1995 and there is a permanent facilities committee of administrators who met during the 1997-98 year to update the plan.

## **Recommendations**

15. Implement procedures to ensure upward price revisions are not allowed after bids are opened.
16. Ensure contracts are rebid as necessary to maximize cost savings and implement procedures to promote increased competition.
17. Implement procedures to ensure adequate documentation exists before paying meal expenses and credit card transactions.
18. Implement improvements in the perpetual inventory system to ensure that all items are recorded.
19. Develop a strategy to successfully implement the periodic inventory of personal property.

20. Ensure that a current long-range facilities plan is maintained.

### **Comments of Western Suffolk BOCES Officials**

Western Suffolk BOCES' officials basically concur with these recommendations or have made procedure modifications. They state that they do not require documentation for gasoline or telephone calls via credit card.

Western Suffolk BOCES  
Contributors to the Report

- Calvin Spring – Audit Manager
- William Lake – Associate Auditor, (Auditor-in-Charge)
- Patricia Engel – Senior Auditor
- Louise Costello – Senior Auditor
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**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 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.

Western Suffolk BOCES  
Employment Preparation Education Program  
Schedule of Audit Findings

	Total
Contact hours reported per SA-160.1 and .2	534,194
Hours not supported by Initial EPE Rate Reports*	(16,629)
Additional hours per revised EPE Rate Reports	55,156
Subtotal - revised hours claimed	572,721
Nontraditional hours in excess of the maximum eligible for aid	(119,590)
Career counseling and intake assessment hours	(68,930)
Other adjustments/unsupported hours	(5,322)
Contact hours claimed for ineligible classes	(321)
Total adjustments	(194,163)
Total contact hours eligible for aid	378,558
Calculation of amount disallowed:	
Contact hours paid	534,194
Contact hours eligible for aid	378,558
Hours questioned	155,636
EPE rate per hour	\$2.60
Amount disallowed	\$404,654

\*EPE Rate Reports are the name of the reports generated by Western Suffolk BOCES to provide support for contact hours claimed. The initial reports were those provided during audit field work. The revised reports were provided in conjunction with Western Suffolk BOCES' response to the Preliminary Audit Findings Report. The reports show total contact hours by district, by student, by class. There is a separate report for both the first half and the second half of the school year.

Western Suffolk BOCES  
Employment Preparation Education  
Schedule of Questioned Hours

<u>Course</u>	Total Hours Tested Per Revised Rate	Questioned <u>Hours</u>
Heating/Vent/Air Cond. I	750.75	115.50
Monitor Aerospace/ESL	16.00	4.00
Monitor ESL	24.00	0.00
ILC ESL	28.00	0.00
Floral Design	42.00	3.50
Data Processing I	156.75	39.75
CEEC High School Prep.	315.00	150.00
How to Start Own Business	15.00	3.00
WordPerfect Dislocated Worker	120.00	3.00
Lotus Dislocated Worker	120.00	10.00
Keyboarding Dislocated Worker	15.00	0.00
Job Readiness Training	270.00	253.50
Adult Basic Education	1,415.00	1,169.00
Office Technology	1,770.75	484.50
Nurse Assistant District Wide	405.00	(13.00)
Zedeck Bakery ESL	20.00	11.00
Electronics Tech. I	159.50	49.50
Phlebotomy	54.00	4.50
Adult Literacy Summer	300.00	197.00
Auto Body I	478.50	478.50
Auto Body II	486.75	27.50
Cosmetology	829.17	309.42
Medical Lab. Adult	1,045.00	40.00
Medical Off. Assistant	42.00	7.00
Family Literacy Center	1,628.00	1,149.50
Family Literacy Home	12.00	0.00
ESL	972.00	804.00
Food Preparation I	2.75	2.75
Food Services I	112.75	19.25
TOTALS	11,605.67	5,322.67