



James A. Conway
Director
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November 18, 2010

Mr. Gregory Nardone
Board President
Bay Shore Union Free School District
75 West Perkal Street
Bay Shore, NY 11706

Report: ARRA-0510-15

Dear Mr. Nardone:

This letter is our final audit report of the Bay Shore Union Free School District's (District) use of American Recovery and Reinvestment Act (ARRA) funds awarded for the July, 1 2009 – June 30, 2010 school year. The audit was conducted pursuant to the Commissioner of Education's authority under Section 305 of the Education Law. Our audit objectives were to: verify the allowability of amounts expended to-date and the appropriateness of any requests for additional funding, determine if the District has sufficient financial control systems in place to administer ARRA funds, and assess compliance with pertinent federal requirements for the use of federal funds.

Our audit scope was limited to ARRA funding provided through the Education Stabilization Funds (ESF) (also referred to as State Fiscal Stabilization Funds, SFSF), Individual Disabilities Education Act (IDEA 611/619), and Title I of the Elementary and Secondary Education Act. At the time of fieldwork, the District had only submitted one claim for ARRA-ESF and incurred charges for ARRA-IDEA 619.

To accomplish our objectives, we interviewed District officials; tested transactions; and reviewed District policies/procedures and financial records, which included reports generated by the District's computerized financial database.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The results of this audit have been discussed with District officials and their comments have been considered in preparing this report. The District's response to the draft report is included as Appendix A.

Audit Results

Allowability and Accuracy of Reported Expenditures

We did not find any audit exceptions.

Financial Control System

Education Law, Section 2522(2) requires that no expenditure shall be made unless an amount has been appropriated and is available. The District did not establish an appropriation for any of the ARRA funds audited (ESF and IDEA 619). Since there was no appropriation made, budgets for the two accounts were not tracked and available balances appeared as negatives in the District's accounting system.

Compliance with Federal Grant Requirements

Cash Management

According to Title 34 of the Code of Federal Regulations Part 80.20(b)(7), procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Further, Part 80.21 paragraph (i) states that grantees and subgrantees shall promptly, but at least quarterly, remit interest earned on advances to the Federal agency. We found the District did not have a process for ensuring compliance with federal requirements which includes:

- Minimizing time elapsing between receipt and disbursement of funds; and,
- Remitting interest earned in excess of \$100 annually on federal funds.

In addition, our analysis of revenue received and expenditures incurred for all federal funds during fiscal year 2009-10 showed the District earned interest amounting to \$132.25 during this period.

Recommendations

1. Establish an appropriation for all ARRA funds as required.
2. Establish procedures to address federal requirements for minimizing time elapsing between receipt and disbursement of funds and remitting interest earned on federal funds in excess of \$100 annually.

3. Return interest on federal funds. Please make your agency's check payable to the U.S. Department of Education and send it with a cover letter to:

Margaret Zollo
Grants Finance
New York State Education Department
Room 510 West EB
Albany, New York 12234

In the cover letter, please indicate what time period is covered by the interest being returned. Also, if any portion of the interest is attributable to receipt of ARRA-funded grants, please state that amount.

Section 170.12 of the Regulations of the Commissioner of Education requires the submission of a corrective action plan, approved by the Board, with response to any audit finding. We have received and accepted your board approved response to the draft report as the corrective action plan for the findings and recommendations of this audit.

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

Sincerely,

James A. Conway

Enclosure

c: V. Grey, J. King, J. Delaney, B. Porter, C. Szuberla, K. Slentz, M. Lavare, M. Zollo, M. Plotzker, R. Reyes, A. Timoney, J. Dougherty, E. Blose Holman, G. Bixhorn (DS Eastern Suffolk BOCES)



Bay Shore Union Free School District

DISTRICT ADMINISTRATIVE OFFICES

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Board of Education

Gregory Nardone, President
Andrew A. Arcuri, Vice President
Jerry G. Berka
Mary Louise Cohen
Guy Leggio

Evelyn Blose Holman, Ph.D.
Superintendent of Schools

September 14, 2010

Mr. James A. Conway
Director
Office of Audit Services
The State Education Department
89 Washington Avenue
Albany, NY 12234

RE: ARRA-0510-15 Report


Dear Mr. Conway:

As requested in your correspondence of August 9, 2010, the Bay Shore Union Free School District acknowledges receipt of the draft results of the recently completed ARRA audit for the 2009-2010 school year.

We concur with your results and recommendations and are in the process of working towards implementing said improvements.

The Bay Shore Union Free School District takes seriously the results and recommendations of the Office of Audit Services on these matters. Thank you for your efforts to ensure the appropriate use of school district funds.

Very truly yours,



Dr. Evelyn Blose Holman
Superintendent

EBH/ns

lrs.ARRA audit





Bay Shore Union Free School District

Evelyn Blose Holman, Ph.D., Superintendent of Schools

DISTRICT ADMINISTRATIVE OFFICES

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Phone (631) 968-1107 Fax (631) 968-2320

MAUREEN B. VIRSINGER
Assistant Superintendent for Business

ROSANNE ALBANESE
District Treasurer

October 4, 2010

Mr. James A. Conway
Director
Office of Audit Services
The State Education Department
89 Washington Avenue
Albany, NY 12234

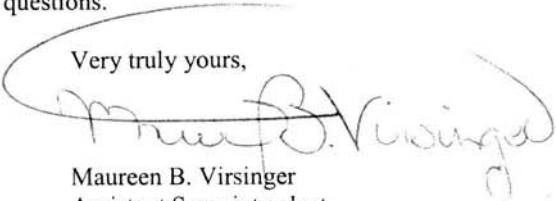
RE: Bay Shore Union Free School District
ARRA-0510-15 Report

Dear Mr. Conway:

Enclosed please find the approved Corrective Action Plan in response to the ARRA Report for the Bay Shore Union Free School District for the period July 1, 2009 – June 30, 2010. The Corrective Action Plan was approved by the Bay Shore Board of Education on September 29, 2010, a copy of which is also enclosed.

Please feel free to contact me if you have any questions.

Very truly yours,


Maureen B. Virsinger
Assistant Superintendent
for Business

MBV/vw
enclosures

lrs.ARRR audit



**BAY SHORE UNION FREE SCHOOL DISTRICT
CORRECTIVE ACTION PLAN**

REPORT ARRA-0510-15, 7/1/09-6/30/10

Oversight Agency: New York State Education Department, Office of Audit Services

The Bay Shore Union Free School District respectfully submits the following Corrective Action Plan in response to the American Recovery and Reinvestment Act (ARRA) audit for the period July 1, 2009 – June 30, 2010.

AUDIT RESULTS

1. Financial Control System

Recommendation: The District should establish an appropriation for all ARRA funds as required.

Action Taken: We concur with the recommendation and will implement same immediately. Henceforth, the Chief Accountant will establish an appropriation for all ARRA funds within the Bay Shore UFSD's accounting software, Finance Manager.

2. Compliance with Federal Grant Requirements

Recommendation: The District should establish procedures to address federal requirements for minimizing time elapsing between receipt and disbursement of funds and remitting interest earned on federal funds in excess of \$100 annually.

Action Taken: We concur with the recommendation and will implement same within the next 90 days. The Chief Accountant will establish a system to monitor the time elapsing between receipt and disbursement of all federal/state funded grants and any interest earned in excess of \$100 annually will be remitted to the proper authority as appropriate.

Recommendation: The District should return interest on federal funds.

Action Taken: We concur with the recommendation. On September 24, 2010, a check for \$132.25 made payable to the U. S. Department of Education was prepared. An estimated \$6.50 was attributable to ARRA funded grants, with the balance of \$125.75 being attributable to other miscellaneous federal grants.

Report of Superintendent
(Confidential)
Section C – Business Office Matters

ARRA AUDIT
(Virsingher)

On June 14, 2010, the New York State Education Department conducted an audit of the District's use of American Recovery and Reinvestment Act (ARRA) funds awarded for the July 1, 2009 – June 30, 2010 school year.

The audit was conducted pursuant to the Commissioner of Education's authority under Section 305 of the Education Law.

The objectives of the audit are as follows:

- Verify the allowability of amounts expended to date and the appropriateness of any requests for additional funding.
- Determine if the District has sufficient financial control systems in place to administer ARRA funds.
- Assess compliance with pertinent federal requirements for the use of federal funds.

The Corrective Action Plan in response to the ARRA Report is attached as Page C-4a.

RECOMMENDED MOTION

I recommend that the Corrective Action Plan in response to the ARRA Report for the Bay Shore Union Free School District for the period July 1, 2009 – June 30, 2010 be accepted and placed on file.



Bay Shore Union Free School District

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Evelyn Blase Holman, Ph.D.
Superintendent of Schools

CERTIFICATION

I, Nadine Summers, District Clerk of Bay Shore Union Free School District, hereby certify that the Board of Education, at their meeting on September 29, 2010, accepted and placed on file the *Corrective Action Plan in response to the ARRA Report* for the Bay Shore Union Free School District for the period July 1, 2009-June 30, 2010. The audit was conducted pursuant to the Commissioner of Education's authority under Section 305 of the Education Law. See attached page C-4-C-4a for a copy of the Corrective Action Plan.

Motion made by Andrew A. Arcuri, seconded by Mary Louise Cohen – (vote 4-0)

Motion carried.

(S E A L)

Nadine Summers

Nadine Summers

10/28/10

Date

(DC\certif-Audit)



Bay Shore Schools
THE BAY SHORE UNION FREE SCHOOL DISTRICT