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January 13, 2010

Mr. Joseph Garland
Board President
Coxsackie-Athens Central School District
24 Sunset Blvd.
Coxsackie, NY 12051

Report: ARRA-1009-04

Dear Mr. Garland:

This letter is our final report of our audit of the Coxsackie-Athens Central 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 the ARRA - Educational Stabilization Funds (ESF) for the period July 1, 2009 through June 30, 2010. At the time of fieldwork, Coxsackie-Athens had submitted one FS-25 for ARRA-ESF. Although grant applications were submitted for ARRA-Title I and ARRA-IDEA 611 and 619, no payments have been received or FS-25 submitted for these other grant awards.

To accomplish our objectives, we interviewed appropriate District officials, performed limited tests of transactions, and reviewed pertinent documents. These documents included claim forms submitted to the State Education Department, certain District policies and procedures, Board minutes, and financial records including 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 you and other District officials and your comments have been considered in preparing this report. The District's response to our draft report is included as Appendix A.

Audit Results

Allowability and Accuracy of Reported Expenditures

After a grant application is approved, school districts request funds from a particular grant by submitting Form FS-25 Request for Funds. The amount of funds requested at any one time may only include actual expenditures to date plus, in some cases, anticipated expenditures for the next month. For ARRA-ESF, the request is limited to actual expenditures to-date only. We found that the amount Cossackie-Athens claimed on line 3 of the FS-25 (Project Cash Expenditures to Date) for ARRA-ESF was based on an estimate and not actual expenditures to-date. We could not determine the amount of the actual expenditures as of September 28, 2009, which was the date when the FS-25 was signed. The District also included in its claim, anticipated expenditures for the following month.

In addition, the District included \$20,000 in expenditures related to its sports and music program and \$14,000 in maintenance expenditures such as salaries for cleaners. These expenditures were not included in the approved grant application and within the guidelines issued by the Department.

Financial Control System

We found that the District did not post all ARRA expenditures directly to ARRA account codes. At the time the FS-25 was submitted on September 28, 2009, the expenditures were not posted to the ARRA account codes. As expenditures were made, they were entered into regular General Fund account codes until October 28, 2009, when a series of journal entries were made to move them into the ARRA-ESF code.

Compliance with Federal Grant Requirements

We did not find any audit exceptions.

Recommendations

1. Only report actual expenditures incurred on line 3 of the FS-25 Request for Funds.

2. Use ARRA funds consistent with the approved grant application and within the guidelines issued by the Department.
3. Post all future ARRA expenditures directly to the ARRA account codes.

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 accept your 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: J. King, T. Savo, J. Delaney, B. Porter, C. Szuberla, M. Lavare, A. Timoney, J. Dougherty, E. Gregory, J. Baldwin

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December 7, 2009

New York State Education Department
Office of Audit Services
Attention: Mr. James A. Conway
89 Washington Avenue, Room 524EB
Albany, New York 12234

Re: **Letter of Corrective Action-
December 2009 ARRA-1009-04 Report**

Dear Mr Conway,

We have received the letter regarding the audit on ARRA funds for the award period July 1, 2009 through June 30, 2010. We found the process conducted by your auditors to be very helpful in bringing our district into compliance with the requirements for ARRA funds.

All of the recommendations suggested as a result of the audit have been addressed.

1. **Only report actual expenditures incurred on line 3 of the FS-25 Request for Funds.** *The district has made the appropriate changes to the FS-25 submission, a copy of which is attached for the months of October 2009 and November 2009.*
2. **Use ARRA funds consistent with the approved grant application and within the guidelines issued by the Department.** *The budget and related expenditure reports are consistent with the original application filed in September 2009.*
3. **Post all future ARRA expenditures directly to the ARRA account codes.** *All expenditures are charged directly to the ARRA budget as a sub grouping of accounts within the General Fund budget. A copy of the most recent ARRA budget is attached.*
4. **Ensure that payroll certification of employees paid out of a single federal grant are made at least semi-annually.** *We have changed our payroll certifications for employees paid out of a single federal grant to be completed on a semi-annual basis. A sample for the first half of 2009 is enclosed.*
5. **Ensure that the personnel activity reports for employees who work on multiple objectives reflect after the fact distribution of the actual activity of each employee, account for the entire activity for which the employee is compensated, and prepared at least monthly to coincide with one or more pay periods.** *We have created a new form and a new procedure to have employees complete the payroll certification form corresponding with the last payroll of the month and have the building principal sign the form as well. A sample for the month of November is enclosed.*

If you have any questions, don't hesitate to contact me at (518)731-1715 or via email at lcopleston@coxsackie-athens.org.

Respectfully,
Coxsackie-Athens Central School District


Leslie J. Copleston, Chief Financial Officer

Cc: Dr. Gregory, Superintendent
Board of Education
Mark Patrick, Treasurer