



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

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December 4, 2013

Ms. Sara Lattin
Board President
Elmira City School District
951 Hoffman Street
Elmira, NY 14905

Report: SD-0613-13

Dear Ms. Lattin:

I am writing to transmit the final results of our recently completed audit of the Elmira City School District's (District) use of the American Recovery and Reinvestment Act (ARRA) Race to the Top (RTTT) grant awarded for the July, 1 2011 – June 30, 2012 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 and accuracy of amounts reported in the Final Expenditure Report in the ARRA Reporting System and to assess compliance with pertinent federal requirements for the use of these funds.

To accomplish our objectives, we reviewed applicable laws, regulations, policies and procedures; interviewed District and State Education Department (Department) management and staff; and examined records and supporting documentation.

The audit was conducted 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 procedures considered necessary. It 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.

The results of this audit have been discussed with District officials and your 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

For RTTT, districts submit an online budget to the Department for approval. The online budget delineates the anticipated costs by specific itemization of proposed project expenditures. After the budget is approved, districts request funds by submitting a claim (form FS-25, Request for Funds) which may only include actual expenditures to-date and could be up to 90 percent of the approved budget. Once the grant period has ended, districts file a Final Expenditure Report (FER) with the Department to receive the remaining unreimbursed expenditures.

The District claimed an expenditure of \$56,170 paid to GST BOCES that was not approved by the Department as part of their budget. This expenditure was claimed as a “B-1” expense for BOCES services. Since this expenditure was not approved as part of the budget, it is disallowed.

Compliance with Federal Grant Requirements

Section 1512 Reporting

New York State compiles ARRA data from each of its sub-recipients of ARRA awards and submits it to the federal government. Under Section 1512 of ARRA, recipients of ARRA funds must submit a quarterly report that describes, among other things, how the entity used those funds, including the estimate of the number of jobs reported as created or retained. In addition, each district submits a Scope of Work (SOW) for the four-year grant period to be approved by the Department. Each district also submits along with their FER, an Annual Program Report that describes the accomplishments for the year based on the SOW.

The District did not submit their third quarter 1512 Quarterly Report for the period ending March 31, 2012 or their Annual Program Report due at the time of the filing of their FER for the year ended June 30, 2012.

Recommendations

1. Only claim expenditures approved by the Department as part of the budget or submit a budget amendment for approval.
2. Contact the Department’s Race to the Top Program Office for instructions, reference this report, and submit a revised Final Expenditure Report through the ARRA online management portal reflecting a reduction of \$56,170 for disallowed costs for RTTT. Grants Finance will send Form FS-80, Notice of Overpayment to your District confirming the amount overpaid, and provide remittance instructions.
3. Ensure that the District submits a quarterly report for each quarter as required under Section 1512 as well as the Annual Program Report due at the time of filing the FER.

Section 170.12 of the Regulations of the Commissioner of Education requires the submission of a Board approved corrective action plan, in response to all the findings, within

ninety days of the issuance of this report. The corrective action plan should include the expected date of implementation, where appropriate.

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

Sincerely,

Maria C. Guzman

Attachment

c: J. King, B. Berlin, S. Cates-Williams, K. Slentz, K. Wagner, D. Juron, J. Delaney, M. Zollo, C. Szuberla, J. Conroy, A. Timoney (DOB), J. Dougherty (OSC), S. Warner, H. Austin (Interim Superintendent), H. Graefe (DS Greater Southern Tier BOCES)

*Elmira City
School District*

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School Business Official

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December 2, 2013

Mr. James A. Conway, Director
Office of Audit Services
New York State Education Department
University of the State of New York
Albany, NY 12234

Dear Mr. Conway:

Thank you for the opportunity to review and comment on the results and recommendations included on the draft report (SD-0613-13) for the Elmira City School District's Race to the Top funding for the period July 1, 2011 through June 30, 2012. During this audit, your team examined financial records and documentation to substantiate \$174,036.83 claimed in expenditures.

The audit revealed that the District "claimed an expenditure of \$56,170 under category of BOCES services (B-1) even though this was not approved in the budget". From our review a transfer was made on our books in the amount of \$56,170 to the appropriate budget to account for these expenditures. It does not appear, however, that a request to amend our RTTT budget was ever processed. We therefore agree with this finding and will work with the Grants Management Office to follow through with your recommendations.

Your report also indicates that the "District did not submit their third quarter 1512 Quarterly Report for the period ending March 31, 2012 or their Annual Program Report due at the time of the filing of their FER for the year ended June 30, 2012". The District acknowledges these reports were not filed properly and has assigned two individuals to cross check each other for completeness going forward.

Once again, we appreciate the opportunity to provide a written response to the findings contained in your report. Please contact me if you have any further questions.

Sincerely,

A handwritten signature in blue ink that reads "Dan DoBell". The signature is written in a cursive, slightly stylized font.

Dr. Daniel C. DoBell

cc: Hillary Austin
Dr. Sandra Mattison

