



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

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April 28, 2014

Mr. Ralph S. Coates
Board President
Poughkeepsie City School District
11 College Ave
Poughkeepsie, NY 12603

Report: SD-1113-05

Dear Mr. Coates:

I am writing to transmit the final results of our recently completed audit of the Poughkeepsie 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 2012 – June 30, 2013 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.

Guidance issued by the Department for reimbursement of Network Team Institute (NTI) costs for professional development states that no federal ARRA RTTT funds may be used to pay for the registration fee as a portion will be applied towards the cost of food. The District claimed \$1,053 in expenditures that should not have been reimbursed through RTTT because they were for Network Team Institute (NTI) registration fees.

A breakdown of the claimed amount is as follows:

- \$774 was claimed for a NTI conference held on May 13-14, 2013; and
- \$279 was claimed for another NTI conference held on July 9-10, 2012.

In addition, the employee who attended the NTI conference from July 9, 2012 through July 12, 2012 claimed \$213 in travel reimbursements (or \$71 for each day). The travel reimbursement rate in effect at the time of travel was \$61 day or \$183. The difference of \$30 is disallowed.

The District also claimed 11 employee travel expenditure reimbursements under the purchased services code instead of the travel expenses code in the FER.

Compliance with Federal Grant Requirements

We did not find any audit exceptions.

Recommendations

1. Only claim allowable costs.
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 \$1,083 for disallowed costs for RTTT. The Grants Finance Office will send Form FS-80, Notice of Overpayment to your District confirming the amount overpaid, and provide remittance instructions.
3. Ensure that all ARRA-RTTT costs are posted to their appropriate codes.

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,

A handwritten signature in black ink, appearing to read "Maria C. Guzman". The signature is written in a cursive, flowing style.

Maria C. Guzman

Attachments

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), N. Williams (Superintendent), J. Pennoyer (DS Dutchess BOCES)

Poughkeepsie City School District

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Assistant Superintendent
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Kevin M. Sheldon
Assistant Superintendent
for Finance and Operations

Ms. Maria Guzman, CPA, Audit Manager
The State Education Department
Office of Audit Services
Albany, NY 12234

Dear Ms. Guzman:

The Poughkeepsie City School District offers the comments below on the results and recommendations of the State Education Department's Draft Audit Report for the Poughkeepsie City School District's RTTT Grant for the Period July 1, 2012 through June 30, 2013.

In general, the District does not dispute the results. The period in question does show need for improvement in the District's work on allowable expenditures on a grant by grant basis. While the questioned expenditures were permissible types of expenditures for other grants administered by the District these items identified during this audit were specifically excluded.

Recommendation #1: Only claim allowable costs. The District agrees with this recommendation and will take measures to ensure that all expenditures meet the requirements of allowable expense.

Recommendation #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 \$1,083 for disallowed costs for RTTT. The Grants Finance Office will send Form FS-80, Notice of Overpayment to your District confirming the amount overpaid, and provide remittance instructions. The District agrees with this recommendation and has contacted the Race to the Top Program Office, corrected the Final Expenditure Report, and received acceptance of the corrected report.

Recommendation #3: Ensure that all ARRA-RTTT costs are posted to their appropriate codes. The District agrees with this recommendation and will apply the coding structures as outlined in the grant requirements instruction manual.

We wish to thank the auditors of the State Education Department for their professional conduct during this audit process. The District will have improved procedures as a result of these activities.

Sincerely,



Kevin M. Sheldon
Assistant Superintendent for Finance and Operations