



James A. Conway
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January 20, 2010

Mr. Dominic Cafarelli
Board President
Mohonasen Central School District
2072 Curry Road
Schenectady, NY 12303

Report: ARRA-1009-03

Dear Mr. Cafarelli:

This letter is our final audit report of the Mohonasen 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 – Education Stabilization Funds (ESF) for the period July 1, 2009 - June 30, 2010. At the time of the fieldwork, the District had submitted one FS-25 for ARRA-ESF. Although grant applications were submitted for ARRA-Title I and ARRA-IDEA 611 and 619, only a small payment (\$3,259) has been received by the District for IDEA 619.

To accomplish our objectives, we interviewed appropriate District officials, performed limited tests of transactions, and reviewed documents. These documents included claim forms submitted to the State Education Department, some 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 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 of Amounts Expended

We did not find any audit exceptions.

Financial Control System

We did not find any audit exceptions.

Compliance with Federal Grant Requirements

OMB Circular A-87 requires salaries of employees who are charged to federal grants be supported by periodic certifications or personnel activity reports. Although this requirement applies to all federal grants, including ARRA related, it does not particularly apply to ARRA – ESF. However, if the employee's salary is supported by multiple cost objectives, one of which is a federal grant other than ARRA-ESF, the requirement for personnel activity reports still applies. The District's personnel activity reports for employees whose salaries are paid by multiple cost objectives such as both ARRA-ESF and other federal grants did not account for the total activity for which each employee was compensated, and were not prepared at least monthly to coincide with one or more pay periods as required by A-87.

Recommendation(s)

1. Ensure that the personnel activity reports for employees who work on multiple objectives, one of which is a federal grant other than ARRA-ESF, account for the entire activity for which the employee is compensated, and are prepared at least monthly to coincide with one or more pay periods as required in OMB Circular A-87.

Section 170.12 of the Regulations of the Commissioner of Education requires the submission of a corrective action plan, approved by the Board that responds to any audit findings. We accept your response to the draft report as the corrective action plan for the finding and recommendation 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, K. Spring, C. Dedrick



Mohonasen Central School District

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December 21, 2009

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

Dear Mr. Conway:

This letter is in response to your communication of December 3, 2009 regarding the recently completed audit of our school district's use of American Recovery and Reinvestment Act (ARRA) funds awarded for the July 1, 2009-June 30, 2010 school year.

The audit resulted in one recommendation as follows:

1. Ensure that the personnel activity reports for employees who work on multiple objectives account for the entire activity for which the employee is compensated, and are prepared at least monthly to coincide with one or more pay periods.

This recommendation was noted by the district during the exit interview conducted by State Education personnel at the conclusion of the audit. Based upon this recommendation, a new personnel activity letter has been developed and is currently being distributed on a monthly basis to employees. The new personnel activity letter includes all compensation activity for the individual (see attached).

The district would like to thank the audit personnel for their input and recommendations. We are always seeking to improve our processes to ensure compliance with State and Federal regulations.

Please do not hesitate to contact me at 518-356-8210 if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Denise A. Swezey". The signature is written in dark ink and is positioned above the typed name.

Denise A. Swezey
Assistant Superintendent for Business

/ds

Enc.

Cc: Dr. Kathleen Spring, Superintendent, Board of Education