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# Audit Report

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Regional Early Childhood Direction Center  
of Monroe #1 BOCES

For the Period

July 1, 2005 through June 30, 2006

SE-0807-01

October 6, 2008

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**The University of the State of New York**  
**THE STATE EDUCATION DEPARTMENT**  
**Office of Audit Services**  
**Albany, New York 12234**





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

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October 6, 2008

Ms. Margaret Markham  
Board President  
Monroe #1 BOCES  
41 O'Connor Rd.  
Fairport, NY 14450

Dear Ms. Markham:

The following is our final audit report (SE-0807-01) on the Monroe #1 BOCES for the period July 1, 2005 through June 30, 2006. The audit was conducted pursuant to Section 305 of the Education Law in pursuit of Goal #5 of the Board of Regents/State Education Department Strategic Plan: "Resources under our care will be used or maintained in the public interest."

Ninety days from the issuance of this report, BOCES officials will be asked to submit a report on actions taken as a result of this audit. This required report will be in the format of a recommendation implementation plan and it must specifically address what actions have been taken on each audit recommendation.

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

Sincerely,

James Conway

Enclosure

c: T. Savo, R. Cort, T. Hamel, M. Plotzker, C. Szuberla, R. Kesper, B. Porter, J. Delaney, E. Gervais, R. Johnson, M. Glover, A. Timoney (DOB), S. Hancox (OSC)

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# Executive Summary

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## Background and Scope of the Audit

Monroe #1 Board of Cooperative Educational Services (Monroe #1) is located southeast of Rochester in Monroe County. It is one of the largest of the 38 Board of Cooperative Educational Services in the State, ranking 6<sup>th</sup> in 2005-06 in terms of expenditures, which were over \$102 million. In 2005, Monroe #1 was awarded a contract (Contract) to operate its Regional Early Childhood Direction Center (RECDC). RECDC is an Early Childhood Direction Center administered by the State Education Department's Office of Vocational and Educational Services for Individuals with Disabilities (VESID). The main purpose of these centers is to provide information regarding available service options for children, ages birth through five, with disabilities. RECDC had a 2005-06 budget of \$280,251 and expended \$272,519.

The State Education Department's Office of Audit Services conducted an audit of the RECDC to verify that expenses incurred were accurate and consistent with the Contract and the approved budget, that staff positions met full-time equivalent requirements of the Contract and that program objectives, as defined in the Contract, were met. In addition, the audit also included a review of internal controls and compliance with applicable laws, regulations, and Department policies.

## Audit Results

We found that the RECDC claimed reimbursement for expenditures that were not adequately documented, and a few that were unallowable or inappropriate such as food and prior year's expenditures. In addition, other Contract requirements, such as a employing a full-time director, the provision of in-kind support by Monroe #1, and submission of an asset inventory, were not complied with.

Furthermore, RECDC reported inaccurate data to VESID, overstating its performance measures. Lastly, we also found internal control weaknesses related to accounts payable processing and claims auditing.

## Comments of Monroe #1 Officials

Monroe #1 officials' comments were considered in preparing this report and are included as Appendix B. In response to the review, District officials generally agree with the recommendations and indicate that, in some instances, actions have been taken to implement them.

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# Table of Contents

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<b>INTRODUCTION .....</b>	<b>1</b>
BACKGROUND .....	1
OBJECTIVES, SCOPE, AND METHODOLOGY .....	2
AUDIT RESULTS.....	3
COMMENTS OF MONROE #1 OFFICIALS .....	3
<b>CONTRACT EXPENDITURES .....</b>	<b>4</b>
INADEQUATE DOCUMENTATION .....	4
UNALLOWABLE EXPENDITURES .....	5
<i>Food</i> .....	5
<i>Prior Year</i> .....	5
RECOMMENDATIONS .....	5
COMMENTS OF MONROE #1 OFFICIALS .....	6
AUDITOR’S NOTE .....	6
<b>OTHER CONTRACT REQUIREMENTS .....</b>	<b>7</b>
FTE DIRECTOR AND IN-KIND CONTRIBUTION .....	7
LACK OF GRANT INVENTORY .....	7
RECOMMENDATIONS .....	8
COMMENTS OF MONROE #1 OFFICIALS .....	8
AUDITOR’S NOTE .....	9
<b>CONTRACT PERFORMANCE MEASURES.....</b>	<b>10</b>
INACCURATE DATA .....	10
UNSUPPORTED DATA.....	11
RECOMMENDATIONS .....	11
COMMENTS OF MONROE #1 OFFICIALS .....	12
<b>INTERNAL CONTROLS.....</b>	<b>13</b>
ACCOUNTS PAYABLE PROCEDURES .....	13
CLAIMS AUDITING.....	14
DATE OF HIRE.....	14
RECOMMENDATIONS .....	15
COMMENTS OF MONROE #1 OFFICIALS .....	15

Appendix A – Contributors to the Report

Appendix B – Response of Monroe #1 Officials

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# Introduction

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## Background

Monroe #1 Board of Cooperative Educational Services (Monroe #1) is located southeast of Rochester in Monroe County. It is one of the largest of the 38 Board of Cooperative Educational Services (BOCES) in the State, ranking 6th in 2005-06 in terms of expenditures, which were over \$102 million. In 2005, Monroe #1 was awarded a contract to operate its Regional Early Childhood Direction Center (RECDC). RECDC is an Early Childhood Direction Center (ECDC) administered by the State Education Department's (Department) Office of Vocational and Educational Services for Individuals with Disabilities (VESID). RECDC provides information about programs and services for young children, ages birth through five, who have physical, mental, or emotional disabilities and help families obtain services for their children. The services include:

- matching the needs of children with available services;
- assisting parents in obtaining services;
- following up to ensure that children receive services;
- coordinating services between agencies;
- educating parents of preschool children with disabilities; and
- providing information and assistance to agencies, professionals, and other members of the community.

In addition, RECDC is a Technical Assistance Center (TAC). A TAC is a local education agency, college/university, other not-for-profit entity or a component of such, having specific expertise in an area such as education, health, or mental health and provides technical assistance services in the normal course of its business. The Department may contract with a TAC in instances where it has neither the expertise nor the capacity to provide such services.

From 1978 through the 2004-05 contract year, RECDC and the University of Rochester served the counties in the Rochester area as ECDCs. Beginning with 2005-06, only RECDC was awarded a contract and the University of

Rochester became its subcontractor. RECDC had a 2005-06 budget of \$280,251 and expended \$272,519.

RECDC's contract (Contract) runs from July 1, 2005 to June 30, 2010, its budgets are approved annually by VESID. RECDC funding for fiscal year 2005-06 came from the federal Individuals with Disabilities Education Act (IDEA) grant and State funds.

## **Objectives, Scope, and Methodology**

The audit objectives were to verify that the terms of the Contract were met in the following ways:

- all expenses were accurate and consistent with the approved budget;
- RECDC staff positions met the full-time equivalent (FTE) requirements; and
- RECDC met the program objectives.

The audit also included a review of internal controls and compliance with applicable laws, regulations, and Department policies.

To accomplish the audit objectives, we reviewed applicable laws, regulations, policies, and procedures; interviewed Department, Monroe #1, and RECDC management and staff; tested controls; and examined records and supporting documentation.

We conducted our audit in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Our audit included examining, on a test basis, evidence supporting transactions recorded in the accounting and operational records and applying other procedures considered necessary in the circumstances. We believe that the audit provides a reasonable basis for our findings and recommendations.

## **Audit Results**

We found that the RECDC claimed reimbursement for expenditures that were not adequately documented, and a few that were unallowable or inappropriate. It did not meet the requirements for employment of a full-time director. It reported inaccurate performance data to VESID. Monroe #1 did not provide the in-kind support as stated in the Contract. We also found internal control weaknesses in Monroe #1's accounts payable processes and claims auditing.

The findings and improvement opportunities are addressed in more detail in the following sections of the report.

## **Comments of Monroe #1 Officials**

Monroe #1 officials' comments about the findings were considered in preparing this report and are included as Appendix B.

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# Contract Expenditures

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All expenditures charged to programs such as RECDC should be based on an approved contract, represent legitimate expenses of the program, and be sufficiently documented to establish allowability. The Department's TAC policy states that reimbursement is for allowable expenses that are actual, reasonable, and necessary, as authorized and described in each contract.

We reviewed all non-salary payments made by RECDC during the 2005-06 school year. There were 59 vouchers paid, amounting to \$81,066. We found instances of payments being made with inadequate supporting documentation and other payments for unallowable expenditures.

## **Inadequate Documentation**

The State Comptroller's Financial Management Guide for Local Governments (Guide) states that a claim for payment must include sufficient detail to permit a satisfactory audit by a person who is entirely unfamiliar with the transaction.

The Guide further states BOCES should ensure that payments are for valid and legal purposes; obligations are incurred by authorized officials; goods are actually received or services rendered; obligations do not exceed available funds; and claims are in proper form, mathematically correct, meet legal requirements, do not include sales tax, include applicable discounts, and are in agreement with the purchase order.

To ensure that these requirements are met, BOCES should require that complete and accurate documentation be submitted to support all payments. In addition, contractual agreements with consultants should specify deliverables, terms of service and payment arrangements; they should also be approved by the board prior to implementation. Our review of RECDC voucher documentation for non-salary expenditures showed that the documentation did not adequately support the expenditures, specifically:

- Nine payments totaling \$4,112 were made to a consultant without a board-approved written contract.

- Statement of work documentation which identifies expected deliverables related to the \$62,515 contract with the University of Rochester could not be provided.
- An \$86 voucher for purchases made to Staples did not have supporting documentation.
- A payment to Hewlett Packard in the amount of \$282 was made even though there was no documentation to indicate that goods were received.

## **Unallowable Expenditures**

Unallowable expenditures are those expressly prohibited by the contract or guidelines and/or not allocable to the period for which the contract was made. The policy for TACs states that unallowable expenses include, but are not limited to, gifts, contributions, alcoholic beverages, entertainment, and expenses that violate the State Ethics Law. During periods of State fiscal stress, costs that are otherwise allowable, such as meals, may be prohibited.

### ***Food***

The Contract states that event costs are an allowable expenditure; however, due to current fiscal constraints, food costs are not allowed. Charges to supplies and material included \$53 for food.

### ***Prior Year***

All costs claimed during a contract year must be attributable to the same year's operations, therefore, expenditures claimed for the 2005-06 contract year should have been incurred in the same period. Travel reimbursement from the prior grant year (2004-05), in the amount of \$42, was charged and paid during the 2005-06 grant year.

## **Recommendations**

1. Prepare and maintain supporting documentation to substantiate all contract expenditures, including written, board-approved contracts for all subcontractors.
2. Establish requirements for RECDC payments to ensure all expenditures are adequately documented, allowable, and incurred in the appropriate period.

## **Comments of Monroe #1 Officials**

Monroe #1 officials agreed with recommendation 1. Regarding recommendation 2, Monroe #1 officials stated that a 2005-06 contract existed with the University of Rochester and they have attached a copy of this agreement in their response; however, it was unsigned.

## **Auditor's Note**

During the audit, we obtained the signed page of the agreement (signed by both parties; however, it was signed at the end of the first year of the contract, June 29, 2006). Our exception pertains to the Statement of Work (attachment A of the Contract) which was not provided. The Statement of Work identifies the expected deliverables of the Contract.

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## Other Contract Requirements

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The Contract contains requirements related to the performance of the RECDC. We found the RECDC was in compliance with most of the contract terms. However, it did not comply with the requirement for employment of a full-time director, in-kind contribution, and maintenance of grant equipment inventory.

### **FTE Director and In-kind Contribution**

The Contract included a mandatory requirement that key personnel should include at least one FTE director.

During 2005-06, the Director worked in a full-time salaried position for two months and retired at the end of August 2005. After retirement, he continued as the Director but was paid on a daily basis. From September 2005 until the end of the program year (June 30, 2006), the Director worked approximately 55 percent of the time and was paid a total of 122 days; this did not meet the Contract requirements.

The Contract also included a stipulation stating that the Director's salary (\$106,912) will be paid .50 FTE by the ECDC grant and an additional .50 FTE will be provided in-kind by Monroe #1. The contract further explained in-kind support by stating "that BOCES provides in kind support for approximately 50 percent of the Director's salary and fringe benefits."

There was no documentation of any in-kind support provided by Monroe #1 to meet this contract requirement. During 2005-06, the last revised and approved budget stated that RECDC was to pay \$60,628 or 57 percent of the Director's salary. However, the total salary paid to the Director for 2005-06 amounted to \$84,101. The entire amount was paid by RECDC.

### **Lack of Grant Inventory**

The Contract states that the contractor shall maintain a complete inventory of all realty, equipment, and other non-expendable assets and must be submitted with the final

expenditure report. Any equipment, furniture, supplies and other property purchased under the Contract is deemed to be the property of the State or federal government. The Contract defined “non-expendable assets” as any and all assets which are not consumed during the term of the agreement and which have a cost of \$1,000 or more.

In addition, Commissioners Regulations 170.3(i)(2)(iii) requires BOCES to establish procedures for the perpetual inventory of all personal property, including the periodic inventory of valuable personal property having a unit resale value of \$500 or more on at least an annual basis, and the periodic inventory of all other personal property at least once every two years.

RECDC did not submit an equipment inventory with its final expenditure report; therefore, the Department does not have a comprehensive list of all equipment purchased under the Contract.

In addition, Monroe #1’s last comprehensive inventory was taken in July and August of 2001.

## **Recommendations**

3. Comply with all mandatory Contract requirements contained in the program work plan, such as the requirement that key personnel should include at least one full time equivalent (FTE) director.
4. Comply with the term of the Contract requiring the in-kind support provided by Monroe #1 to cover .50 FTE of the Director’s salary and fringe benefits.
5. Submit the required inventory report with the final expenditure report.
6. Complete an annual inventory for personal property having a unit resale value of \$500 or more and a bi-annual inventory for personal property having a unit resale value less than \$500.

## **Comments of Monroe #1 Officials**

Regarding recommendations 3 and 4, Monroe #1 officials stated that their Director was working full-time from the start

of the contract year. However, due to his retirement and internal administrative changes, the Director worked on a less than full-time basis with programmatic and fiscal approval from VESID.

Monroe #1 officials agreed with recommendations 5 and 6.

## **Auditor's Note**

ECDC contract changes could be requested by the submission of both Appendix X and a contract budget modification forms to SED. Approval of these changes by SED is based on the information provided on these forms.

In their response, Monroe #1 officials provided a copy of the VESID's ECDC program manager's memo to our auditor dated March 13, 2008 explaining that VESID gave verbal consent to the less than full-time Director arrangement. In addition, the memo also stated that VESID gave final program and fiscal approval to the budget modification submitted by Monroe #1.

During the contract year, Monroe #1 submitted two budget modifications, the first one dated June 23, 2006 and the second, dated August 28, 2006. In addition, Monroe #1 also made other adjustments to the budget which did not necessitate formal budget modification since they are below the threshold (\$1,000 or 10 percent of a budget category, whichever is greater). Considering the two budget modifications and all the other adjustments made, the net effect to the Director's salary is an increase of \$7,172 from the original budgeted amount of \$53,456. This brings the revised amount to \$60,628, (as reflected in the second budget modification) which equates to 57 percent of the total salary of \$106,912 (not 51 percent as indicated in the second budget modification). Nowhere in the budget modifications indicate that the Contract will now pay the entire salary of the Director.

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# Contract Performance Measures

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The Contract requires that RECDC report specific performance measures to VESID's program office on a quarterly basis. RECDC's director is responsible for submitting accurate, complete, and timely reports, accompanied by a quarterly narrative summary to the appropriate VESID program manager.

We found that RECDC did not submit accurate data on some of the measures of services it provided. In addition, it could not provide supporting documentation for other data reported.

## Inaccurate Data

The RECDC reported to VESID on the progress of the following services:

- Parent Education Workshops: Count and Attendance
- New Children Information Intake or Parents Assisted with Referrals

A review of the supporting documentation found several inaccuracies:

### Parent Education Workshops

#### *Count*

RECDC reported 24 Parent Education workshops were conducted for the 2005-06 grant year. However, only 19 of the 24 workshops reported were supported by documentation. The discrepancy was due to the following:

- RECDC counted a workshop that occurred in the prior year. Ontario ARC held on June 14, 2005, occurred during the 2004-05 fiscal year, not the 2005-06.
- RECDC counted scheduled workshops that were cancelled or appear to have been cancelled.
  - ✓ ABC North Street Head Start on January 11, 2006, did not have an attendance sheet. The summary sheet provided to auditors shows that only one person (not a parent, but a professional) attended.

- ✓ Ontario ARC on April 11, 2006 was cancelled.
- ✓ Two workshops to be held at the Auditorium on May 31, 2006, were documented as “no shows.”

*Attendance*

RECDC reported 127 parents and 45 professionals attended Parent Education workshops conducted during the 2005-06 program year; however, the attendance sheets showed that 111 parents and 38 professionals were in attendance.

Regional Early Childhood Direction Center  
Comparison of Reported Numbers and Attendance Sheet  
July 1, 2005-June 30, 2006

	Reported to VESID	Attendance Sheet	Difference
Parents	127	111	16
Professionals	45	38	7

Source: Reports to VESID and Attendance Sheets at RECDC

New Children Information Intake

RECDC reported that 411 intakes were done for new children; however, its client database record shows a total of 360 new children were entered into the system.

## Unsupported Data

Although the RECDC maintains individual client records, the documentation supporting the summary performance measures reported to VESID on the following services were not retained.

- Children Referred to Services
- Information Requests, Follow-up Contact, and Inclusion/Outreach

Supporting documentation such as summary sheets are retained only long enough to report the data to VESID each quarter.

## Recommendations

7. Maintain supporting documentation for the performance reports submitted to VESID for six years after they were made.

8. Ensure numbers reported are valid and accurate.

## **Comments of Monroe #1 Officials**

Monroe #1 officials agreed with recommendations 7 and 8.

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# Internal Controls

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One element of a sound financial management system is internal control. Internal controls are a combination of attitudes, policies, and efforts of the people within an organization working together to achieve the organization's objectives and mission. Controls should be well documented and up-to-date, as they provide employees with guidance on proper behavior, and job expectations. Typically, an organization's management is responsible for making sure this system of internal controls has been developed, implemented, and communicated throughout the organization. Although Monroe #1 had some of the necessary controls in place, we observed weaknesses in the accounts payable, claims auditing and personnel processes as related to the RECDC.

## Accounts Payable Procedures

Education Law §1709 requires that the board of education establish policies and procedures for operations. The policies and procedures should address all major functions and clearly define roles and responsibilities of all employees.

Monroe #1 had no procedures or guidelines in place related to methods of documenting procurements and payments. As a result, there is no guidance on the use of purchase requisitions, purchase orders, expense forms, and receiving copies to support payments made. An expense form is in use; however, there is no procedure in place informing employees when they are required to use it.

Although Monroe #1 had a procedure for Travel and Conference reimbursement, the procedure was not enforced. For example, a mileage form that is required to be submitted by travelers for mileage reimbursement was not always completed. One of the payments reviewed during the non-salary testing showed that a reimbursement was made for \$191 even though the mileage form, which should document the employee's travel, was not completed.

## Claims Auditing

Education Law §1724 requires each claim against the BOCES be audited by the board or by an internal claims auditor, if one was appointed by the board, before payment.

We observed RECDC expenditures that were paid without a review by a claims auditor. Monroe #1 does not audit every claim and there is conflicting guidance in its payment procedures. The Accounts Payable Procedure states that, for auditing purposes, the senior account clerk highlights every fourth check and all amounts \$3,500 or over on the warrant (list showing check payments to be made and all related information). The Claims Audit Guideline requires every fourth check and all checks over \$2,500 on the warrant report be audited.

## Date of Hire

BOCES' employment records must accurately reflect the dates of public employment. BOCES employees' seniority has to be measured from the date of first appointment to the civil service position. One Monroe #1 employee working at the RECDC was granted seniority based on time worked in a non-civil service position at the University of Rochester.

Prior to the 2005-06 contract year, two ECDC contracts were awarded, one to Monroe #1 and one to the University of Rochester. Beginning with 2005-06, the contract with Monroe #1 was the only one awarded. The University of Rochester became a subcontractor. According to Monroe #1 officials, in order to comply with the subcontract amount limit of 25 percent of the annual contract budget, an employee of the University of Rochester's ECDC was transferred to Monroe #1. Subsequent to the transfer, the employee's hire date at Monroe #1 was backdated by over nine years, from the actual start date of October 15, 2005 to May 5, 1986, their start date at University of Rochester.

Monroe #1 incorrectly used the provisions of Education Law 3014(a) to justify the change. The provisions of this law applies to programs formerly run by school district(s) and county vocational education or extension boards, not private universities such as the University of Rochester. It also applies to teachers, teaching assistants, or teacher aides, not secretarial or clerical staff.

Although RECDC was able to comply with the 25 percent subcontract limit, it gave unearned seniority to staff when hired by Monroe #1.

## **Recommendations**

9. Establish procedures for using the expense form and describe occasions when it should be used.
10. Review mileage forms for completeness and accuracy prior to approving related claims for payment.
11. Audit every claim before payment.
12. Revise the inaccurate employee start date and inform interested parties, such as the Monroe County Civil Service office and the affected employee of the correction.

## **Comments of Monroe #1 Officials**

Monroe #1 officials agreed with recommendations 9, 10, 11, and 12.

Contributors to the Report  
Regional Early Childhood Direction Center

- Maria C. Guzman, CPA, Audit Manager
- Susan DuFour, Associate Auditor
- Patrick Orton, Senior Auditor
- James Schelker, Senior Auditor

**MONROE #1 BOARD OF COOPERATIVE EDUCATIONAL SERVICES**



**Michael A. Glover, Ph.D.**  
*Interim District Superintendent*

**Richard G. Stutzman, Jr.**  
*Interim Business Manager*

September 12, 2008

**RECEIVED**

SEP 15 2008

**OFFICE OF  
AUDIT SERVICES**

Mr. James A. Conway  
Director  
Office of Audit Services  
The State Education Department  
Room 524  
89 Washington Avenue  
Albany, NY 12234

Dear Mr. Conway:

I am writing this letter to respond to the findings/recommendations that are included in the draft audit report (SE00807-1) of the MONROE#1 BOCES Regional Early Childhood Direction Center for the period July 1, 2005 through June 30, 2006.

We appreciate the thoroughness of your audit and have taken the necessary corrective action steps. While we agree that the greater programmatic recordkeeping and accuracy in counting needs to be implemented we feel that it is important to note that our Regional Early Childhood Direction Center has nearly a 30 year history of providing exemplary services to children, families, professionals, and school districts in the 11 county region that we serve. Feedback from parents and professionals has always been exceptional and our personnel have been leaders in numerous statewide initiatives within the early childhood network.

In reviewing these findings with the individuals who oversee and work in this program I provide the following response to address the areas cited in the draft audit report:

**CONTRACT EXPENDITURES: Pages 4 - 6**

1. We agree that there was no written and Board of Education approved contract for these consultant services. Moving forward the MONROE#1 BOCES will reduce to writing the terms and conditions pertaining to services of this nature and prior to the implementation of the service, the contract will be brought to the Board for their review and approval.
2. There was a contract that identified the expected deliverables with the University of Rochester. I have attached a copy of this agreement to this letter (addendum #1). We realize that the U of R did not sign this agreement. That can be attributed to the lack of stability due to the change in the Program Director and the personnel changes that were occurring at the U of R. I have also included with this addendum a fully executed agreement for 2006-07 to demonstrate that we have remedied this finding.

*a*

## **OTHER CONTRACT REQUIREMENTS: Pages 7 - 8**

1. When the MONROE#1 BOCES first implemented this grant at the start of the 2005-06 contract year the organization did have a full time director, however he retired on September 1, 2005. Due to significant internal administrative changes at the MONROE#1 BOCES at that time and VESID's desire to have Mr. Reif complete a statewide training project with them, Mr. Reif was requested to continue working on a less than full time basis for as long as he could. This was programmatically and fiscally authorized by VESID, with full knowledge that Mr. Reif's salary would be charged to the contract. In early 2006 a recruitment process identified a suitable replacement for Mr. Reif, however she could not begin these responsibilities until June of 2006. Given the massive changes that were occurring due to the new funding methodology the MONROE#1 BOCES requested that the State Education Department allow Mr. Reif to continue on a less than full time basis until his replacement could begin. The terms and conditions outlined in a memo dated March 13, 2008 from Elaine Gervais to Susan DuFour (addendum #2) specify these details. I have also attached to this addendum a copy of a letter that was received by the MONROE#1 BOCES dated March 10, 2006 informing us that SED had approved the amendment to the original agreement.
2. At the time of your audit the MONROE#1 BOCES did not have an up-to-date inventory of our personal property. During the 2006/07 school year this task was performed. On December 18, 2007 Bernard Weber faxed to Susan DuFour a Memo (Addendum #3) informing her of the date of the Comprehensive Inventory as well as an inventory listing and the supporting PO's of the equipment purchased with RECDC funds. In addition the MONROE#1 BOCES is currently working with our External and Internal Auditors to implement a methodology to account for our Fixed Assets and during the 2007-08 school year our organization created a central receiving area to properly tag and track our technology purchases. Moving forward we will send with our Final Expenditure Report an updated inventory list for this grant.

## **CONTRACT PERFORMANCE MEASURES: Pages 9 – 11**

1. We agree that the number of workshops that were reported to VESID was overstated. In discussing this error we found that the schedule/calendar that was established at the start of the year was not updated to reflect the actual number of workshops held. Due to this error we counted/reported the 24 workshops that were scheduled and not the 19 workshops that were actually held. We have now implemented a procedure to update monthly this schedule/calendar. It should be noted that RECDC did meet all the required benchmarks established for this activity for the 2005-06 year.
2. In discussing the overstatement of parents and professionals that attended the Parent Education Workshops we found that the number reported were determined by a head count and not the sign in list. Moving forward we will only report the number of attendees who actually signed in to the workshops.

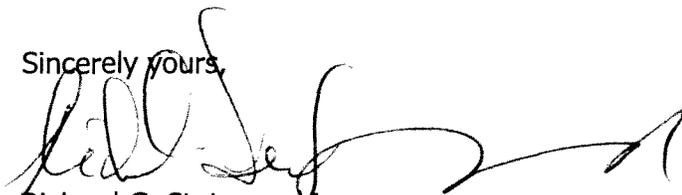
3. The number of children reported reflects the total number of children served during the year, including carryovers from prior years, which is the method SED requested. Moving forward we will only report new intakes. Until your review there was an understanding that SED required the total actively enrolled and not just new students.
4. As was stated in your review we do maintain individual client records in a file folder and a general database. The problem is that once the quarterly VESID report is filed they are no longer retained. The individual records and folder notes are kept for the required period of time. Moving forward we will attach these records with the quarterly VESID reports. It is important to note that all records for the RECDC Program will be maintained for a minimum of six years.

**INTERNAL CONTROLS: Pages 13 - 14**

1. The MONROE#1 BOCES is in the process of expanding their Claims Audit process to audit all claims for payments. We are in the process of hiring a full time Claims Auditor that will provide the organization with the ability to fully implement and enforce the newly updated Board of Education Policies pertaining to purchasing, claims for payments and reimbursement for travel and conferences.
2. In reviewing the situation pertaining to the date of hire for an individual who was employed by the U of R prior to the change in the funding of this grant we provide the following explanation. If this individual had been employed by one of our component school districts we would be required to hire this individual under the terms and conditions outlined under Education Law 3014. We used these provisions (as stated in your findings) when this individual was hired. After your review the MONROE#1 BOCES worked with the Monroe County Civil Service and has modified the start date of this individual to accurately reflect their seniority within our organization (Addendum #4).

In closing if you have any further questions or need any additional information please do not hesitate to contact me at 585/387-3832. Thank you for your cooperation.

Sincerely yours,



Richard G. Stutzman, Jr.  
Interim Business Manager

Xc: Dr. Michael Glover  
Mr. Thomas Cox  
Mrs. Margaret Markum  
Mrs. Polly Patti  
Mrs. Sheila Wallenhorst  
Mr. Michael Reif