

STATE OF NEW YORK  
**OFFICE OF THE STATE COMPTROLLER**  
110 STATE STREET  
ALBANY, NEW YORK 12236

January 26, 2007

Dr. Barbara Nagler  
District Superintendent  
Capital Region BOCES  
Northeastern Regional Information Center  
1031 Watervliet-Shaker Road  
Albany, New York 12205

Dear District Superintendent Nagler:

The State Comptroller is statutorily required to audit all school districts, BOCES and charter schools in the State by March 31, 2010. The school district audits, done in conformance with generally accepted government auditing standards, often require us to contact a BOCES Regional Information Center to gather information about a school district's financial management system and information technology infrastructure. Since it would be burdensome for you to have multiple audit teams visit the Capital Region BOCES Northeastern Regional Information Center (RIC) to gather the same or similar information, we assigned one group of examiners to gather the needed information for the audits.

This examination was conducted pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article 3 of the General Municipal Law. Based upon inquiries made during this examination of the financial software packages and technology infrastructure services provided to component (or cross-contracting) school districts by the RIC, we noted the following conditions that we would like to bring to your attention:

- The BOCES does not perform a complete, regional annual inventory of its technology assets. BOCES officials periodically performed asset counts at select school districts' using records generated through its asset purchase process. However, since this review is not performed uniformly at all districts, there exists the possibility that assets could be lost, stolen or misused and not be detected in a timely manner. The agreements between the BOCES and the school districts do not clearly stipulate the rights and responsibilities for tracking and ownership of technology assets. However, the BOCES includes the assets on its inventory records and affixes asset tags indicating that the items are property of the BOCES.
- BOCES officials have not developed a written disaster recovery plan. A Disaster Recovery Plan (DRP) - sometimes referred to as a Business Continuity Plan (BCP) or Business Process Contingency Plan (BPCP) - describes how an organization is to deal with potential disasters. A plan consists of the precautions taken so that the effects of a disaster will be minimized, and the organization will be able to either maintain or quickly resume mission-critical functions. Typically, disaster recovery planning involves an

analysis of business processes and continuity needs; it may also include a significant focus on disaster prevention.

- BOCES personnel had the ability to remotely enter into the financial software system at any of the school districts it services using a common account with “super user rights” giving them the ability to access all modules within the financial software system. Furthermore, BOCES did not review access logs to monitor activity for this common account.

We hope that this information will help you identify areas where you can improve your operations. In order to keep our database of information current, we will be contacting appropriate BOCES officials within 90 days to update our information. Furthermore, we will likely continue to contact BOCES officials annually to keep our information current.

To clarify, our inquiries on the financial management and infrastructure services that you provide to component (or cross-contracting) school districts is not part of the statutorily required audit of each BOCES. We will contact you again when we plan to start an audit of the BOCES.

The results of our examination were discussed with RIC and BOCES officials and their comments, which appear in Appendix A, have been considered in preparing this report. Officials generally agreed with the conditions cited in our final report and indicated they planned to initiate corrective action. BOCES officials chose not to respond to one of the conditions cited.

The Capital Region BOCES Board has the responsibility to initiate corrective action. Pursuant to Section 35 of the General Municipal Law, Section 2116-a (3)(c) of the Education Law and Section 170.12 of the Regulations of the Commissioner of Education, the Board must approve a corrective action plan that addresses the findings in this report, forward the plan to our office within 90 days, forward a copy of the plan to the Commissioner of Education and make the plan available for public review in the Board Clerk’s office. For guidance in preparing the plan of action, the Board should refer to applicable sections in the publication issued by the Office of the State Comptroller entitled *Local Government Management Guide*.

If you have any questions, please contact our Albany regional office at (518) 438-0093.

Sincerely,

Steven J. Hancox  
Assistant Comptroller of Local Government Services  
and Economic Development

## **APPENDIX A**

### **RESPONSE FROM BOCES OFFICIALS**

The response from BOCES and RIC officials can be found on the following pages.



October 17, 2006

New York State  
Office of the State Comptroller  
Buffalo Regional Office  
295 Main Street - Room 1050  
Buffalo, New York 14203-2511

Re: Capital Region BOCES - Northeastern Regional Information Center Review

Dear State Official:

Outlined below is the response and corrective action plan from the Capital Region BOCES relative to above referenced conditions as reported in the recent examination of the Northeastern Regional Information Center (RIC).

**Condition #1 - Inventory Confirmation**

The Capital Region BOCES acknowledges the importance of internal controls as it relates to inventory confirmation. Assets are recorded and reconciled between the fixed asset software database and the general ledger on a monthly basis. In addition, processes have been put in place for "periodic" confirmation of those assets. In an effort to enhance the effectiveness of internal controls associated with "periodic confirmations", this BOCES has developed a more formal confirmation process in conjunction with their external auditor. The process is characterized by a random selection of assets at randomly selected sites, which will result in a greater number of assets being confirmed on an annual basis. Further, the BOCES is investigating technologically based methods and processes to enhance the confirmation and tacking of assets.

It was also noted in the examination that some school districts may not fully understand the ownership issues of assets purchased through BOCES Co-Ser(s), particularly at the front end of those transactions.

The BOCES will clarify wording in its documentation so that the understanding is clear that the BOCES is the legal title holder of those assets purchased through BOCES Co-Sers.

**Condition #2 - Disaster Recovery Plan**

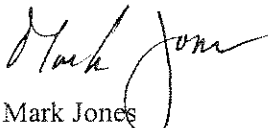
Although the Capital Region BOCES has elements of Disaster Recovery Processes (DRP) built within its current program and procedural protocol, it does acknowledge the need to have a written plan for continuity purposes. The BOCES will formalize the DRP into a written document.

In closing I would request that references made to the "RIC" in your draft letter, be changed to read "Capital Region BOCES (RIC)". Lastly, as indicated during our exit interview, it would be helpful to all Regional Information Centers across the state if the questionnaire responses for all the RIC's could be compiled and sent to each BOCES.

Should you have any questions, please feel free to reach me at (518) 862-4900.

Very truly yours,

*Board of Cooperative Educational Services*



Mark Jones  
Assistant District Superintendent for Business  
Services

MJ/BN/sk

cc: Capital Region BOCES Board of Education  
Dr. Barbara Nagler  
Mr. Carl Strang  
Ms. Judy Stevens  
Ms. Arpy Ernest  
Mr. James Cusack