



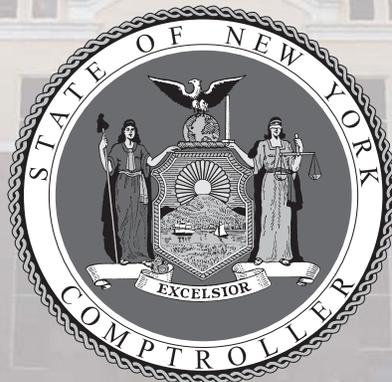
Achievement Academy Charter School Board Oversight

Report of Examination

Period Covered:

July 1, 2010 — February 29, 2012

2012M-89



Thomas P. DiNapoli

Table of Contents

	Page
AUTHORITY LETTER	2
INTRODUCTION	3
Background	3
Objective	3
Scope and Methodology	3
Comments of School Officials and Corrective Action	5
BOARD OVERSIGHT	6
Recommendation	7
APPENDIX A Response From School Officials	8
APPENDIX B OSC Comments on the School's Response	16
APPENDIX C Audit Methodology and Standards	18
APPENDIX D How to Obtain Additional Copies of the Report	20
APPENDIX E Local Regional Office Listing	21

State of New York Office of the State Comptroller

Division of Local Government and School Accountability

August 2012

Dear School Officials:

A top priority of the Office of the State Comptroller is to help School officials manage government resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support School operations. The Comptroller oversees the fiscal affairs of public schools statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations and School Board governance. Audits also can identify strategies to reduce costs and to strengthen controls intended to safeguard School assets.

Following is a report of our audit of the Achievement Academy Charter School, entitled Board Oversight. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Section 2854 of the Education Law.

This audit's results and recommendations are resources for School officials to use in effectively managing operations and in meeting the expectations of taxpayers, students, and their parents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

A charter school is a public school financed by local, State, and Federal resources that is not under the control of the local school board. Charter schools have fewer legal operational requirements than traditional public schools. Most of the regulations for charter schools are contained in the entity's by-laws, charter agreement, and fiscal/financial management plans, which are part of the charter school application. The charter agreement must be completed immediately after the application is approved. Charter schools are required to set both financial and academic goals. The school's renewal of its charter is dependent on meeting these goals. The Achievement Academy Charter School's (School) current charter was renewed in January 2010.

The School is located in the City of Albany. The School is governed by the Board of Trustees (Board), which comprises seven members. The Board is responsible for the general management and control of the School's financial and educational affairs. The Principal of the School is the chief executive officer of the School and is responsible, along with other administrative staff, for the day-to-day management of the School under the direction of the Board. The Business Manager is the chief accounting officer and is responsible for maintaining custody of, depositing, and disbursing School funds; maintaining the financial records; and preparing the monthly and annual financial reports.

There were 225 students attending the School during the 2010-11 school year. The School has a work force of 35 employees. The School's budgeted expenses for the 2011-12 fiscal year are approximately \$4.2 million, funded primarily with Albany City School District tuition payments, State and Federal aid, and donations.

Objective

The objective of our audit was to examine the School's financial operations. Our audit addressed the area of Board oversight. More specifically, our audit addressed the following related question:

- Does the Board provide adequate oversight over the purchasing function?

Scope and Methodology

We examined the School's financial operations for the period July 1, 2010, to February 29, 2012. To accomplish this, we evaluated selected areas by performing the following survey procedures:

- General Governance — We reviewed the School's charter, by-laws, and Board policies and found that the Board has

adopted adequate financial policies regarding purchasing, cash receipts and disbursements, payroll, conflicts of interest and/or code of ethics, investments, and appointment of Board members.

- Payroll and Personal Services — We reviewed bonus payments paid to employees during December 2011. We found minor exceptions, which we discussed with School officials.
- Resident School District Billings — We reviewed resident school district billings and found the School had adequate procedures to verify student addresses and verify resident districts. We selected a sample of 10 students during planning to verify that the School had adequate documentation supporting students' addresses. We also verified that the School was billing each of the 10 students' resident school districts the appropriate tuition rates.¹ We found no exceptions.
- Cash Disbursements — We reviewed the School's internal controls over cash disbursements. Specifically, we reviewed the cash disbursement process, ensured that bank reconciliations were completed regularly and timely, reviewed controls over check stocks, and interviewed employees involved with the process. We found minor exceptions, which we discussed with School officials.
- Inventory and Asset Controls — We reviewed the School's controls over inventories and fixed assets and identified no exceptions.
- Information Technology (IT) — We reviewed the School's IT controls. Specifically, we reviewed the School's physical and logical controls to ensure that the School's assets were adequately safeguarded. We found minor exceptions, which we discussed with School officials.

After evaluating these areas, it appears that School officials have put in place adequate controls and, therefore, limited risk exists in these areas. As such, we determined that an audit of these areas was not necessary. We also reviewed the purchasing function and found that, while overall the internal controls appeared adequate, risk existed in this area. Therefore, we examined the School's current purchasing-related processes.

¹ Districts represented included the Albany, Schenectady, and Troy City School Districts, and the Guilderland Central School District.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit is included in Appendix C of this report.

**Comments of School
Officials and Corrective
Action**

The results of our audit and recommendation have been discussed with School officials and their comments, which appear in Appendix A, have been considered in preparing this report. School officials do not agree with our recommendation and their concerns are attached to this report as Appendix A. Appendix B includes our comments on the School's response letter.

The Board has the responsibility to initiate corrective action. We encourage the Board to prepare a plan of action that addresses the recommendation in this report and forward the plan to our office within 90 days. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make this plan available for public review in the Secretary's office.

Board Oversight

The Board is responsible for providing quality oversight over the School's financial operations. One of the Board's important responsibilities is to establish purchasing guidelines for School officials to follow when procuring goods and services. According to the School's Financial Policies and Procedures (policy), all purchases from a vendor that exceed \$5,000, either individually or in an aggregate annual total amount, must be approved by the Board. Additionally, the policy states that all contracts and loans shall be approved by the Board.

The Board does not provide oversight over the purchasing function as directed by the School's policy. We reviewed payments to vendors in excess of \$5,000 for the 2010-11 school year and the 2011-12 school year through February 29, 2012. For the 2010-11 school year, the School made 62 individual payments to 13 vendors totaling \$1,118,991 that required Board approval. The Board did not approve 27 of these payments totaling \$406,367. For example, the School made eight payments to a transportation company totaling \$228,861² during the year without Board approval. We also reviewed payments totaling \$904,602 that were associated with 17 contracts; we found that the Board did not approve 14 of these vendor contracts. Payments associated with these contracts totaled \$282,997. For example, a janitorial and cleaning services company was paid \$108,457 but did not have a Board-approved contract with the School.

For the period from July 1, 2011 through February 29, 2012, the School made 41 individual payments to 18 vendors totaling \$828,170 that required Board approval. The Board did not approve 22 of these payments totaling \$390,738. For example, the School made five payments to a transportation company totaling \$239,736³ during the period without Board approval. We also reviewed payments totaling \$558,184 that were associated with 15 contracts; we found that the Board did not approve 11 of these vendor contracts. Payments associated with these contracts totaled \$200,368. For example, the School paid a janitorial and cleaning services company \$65,089 without entering into a Board-approved contract with the company.

School officials provided Board minutes from prior years showing the approval of certain purchases in the past; however, School officials could not provide us with Board minutes approving the purchases made during our scope period.

² The eight payments ranged from \$6,360 to \$41,262.

³ The five payments ranged from \$10,088 to \$46,720.

While all of the purchases reviewed appear to be for appropriate School expenses, without sufficient Board oversight over purchasing as outlined in the policy, there is a risk that the School is entering into contracts and purchasing goods that the Board is not aware of or would not approve.

Recommendation

1. The Board should approve all purchases and contracts with vendors who will receive more than \$5,000 in a fiscal year prior to School officials making the purchases or signing the contracts.

APPENDIX A
RESPONSE FROM SCHOOL OFFICIALS

The School officials' response to this audit can be found on the following pages.



August 10, 2012

State of New York
Office of the State Comptroller
Division of Local Government and School Accountability
Albany, NY 12205

RE: Response to Report of Examination (2012M-089)

Gentlemen,

Thank you for the opportunity to respond to the recommendations contained in the Report of Examination with respect to the Financial Operations of Achievement Academy Charter School (“AACCS”). Provided below are the School’s responses to the OSC’s recommendations:

- ***The Board should approve all purchases and contracts with vendors who will receive more than \$5,000 in a fiscal year prior to School officials making the purchases or signing the contracts.***

Consistent with its charter, AACCS maintains the following Board-approved purchasing practices and contracts guidelines:

Guiding the purchase of all goods and services of the charter school will be: (a) price; (b) quality; and (c) dependability. Particular vendors may be chosen for any one or any combination of these factors; however, at all times the selection of a particular good, service, or vendor shall be with the intention of maintaining a top-quality school. The execution of contracts and grants shall be within the scope of the charter school’s mission, goals, and annual plans.

When a product is to be purchased that costs more than \$5,000, the Principal, or his or her designee, shall make every reasonable effort to secure written quotes and product specifications from at least three providers of the product or a similar product. The Principal shall select from among these offers, and document the reasons for selecting the chosen option which shall include mention of the aforementioned factors that guide such selection. Professional service contracts are excluded from the requirement to seek multiple bids; however, nothing shall preclude the Principal from seeking such multiple bids for these contracts. All contractual agreements shall be in writing, and signed and dated by the Principal or his or her designee. All purchases in excess of \$5,000 shall be approved by the Board of Trustees. All contracts and loans shall be approved by the Board of Trustees.

The OSC's findings are best addressed in the following manner:

Transportation Vendors: Durham School Services (2010: \$41,422.94; 2011: \$8,985.30), Northland Transportation (2010: \$228,861.00; 2011: \$239,736), Star & Strand Transportation (2010: \$14,880.00).

The City School District of Albany ("CSDA") contracts with Durham School Services for all of its district transportation, including buses that are allocated to charter schools. As such, AACS also utilizes Durham for some of its private bus transportation, ensuring transportation route efficiencies.

In the interest of cost control while assuring student safety, AACS also utilizes Northland Transportation ("Northland") and Star & Strand Transportation ("Star & Strand") for providing private bus transportation. Both Northland and Star & Strand are utilized by the CSDA as well as other charter schools in the Capital District and possess a proven track record of performance.

The Board's annual approval of the school's operating budget provides the necessary authorization under the school's purchasing practices and contracts guidelines for all necessary day-to-day operations and functions. Student transportation services are such an item, approved as a specified individual part of the Board-approved annual budget, and as such, regularly anticipated contracts for this service receive the Board approval that is needed.

See
Note 1
Page 16

Janitorial Service: Upstate Affordable Cleaning Service (2010: \$52,379.85; 2011: \$30,160.15; Operating Contracts in 2010 and 2011).

Janitorial services are a standard component of the annual operation of the school, and the payment for such services is authorized by the Board's approval of the school's annual line-item budget. Additionally, as janitorial service is a professional service, consistent with the purchasing practices and contracts guidelines, there is no need for the school to solicit multiple bids if it determines there is little prudent need to do so.

See
Note 2
Page 16

Annual Financial Audit: Bollam, Sheedy, Torani & Co. (2010: \$12,500.00).

Consistent with its charter, the school retains an external accounting firm to conduct its annual financial audit and issue the school's final audited financial statements. The Board engaged the services of Bollam, Sheedy, and Torani ("BST") in 2006, approving BST as the school's regular annual auditor. BST is very familiar with the nuances of the fiscal operations of charter schools, as the firm is used by other Albany-area charter schools for their annual audits, and AACS's use of BST also is judicious. Through its earlier approval of BST as the school's annual auditor, the Board approved payment of the annual retainer for BST's services. Additionally, costs for BST's services for the annual audit appear as a line-item in the school's annual budget, which is approved each year by the Board.

See
Note 2
Page 16

Special Education Services: Signature Learning Resources (2011: \$44,364.00; Operating Contract in 2010).

The Individuals with Disabilities Education Act (“IDEA”) requires that all students with District-approved Individual Education Plans (“IEP’s”) must be provided with the necessary special education services that are prescribed in the child’s IEP. In order to ensure that IEP students receive the necessary support services, the school utilizes Signature Learning Resources (“SLR”) to provide in-house special needs support. Because the support services are mandated by the school district IEP, the school is legally obligated to engage an appropriate service provider to administer such services. As such, the Board does not consider special education services to be a “purchase”, and maintenance of a school-related education obligation is not subject to the purchasing practices and contracts guidelines.

See
Note 3
Page 16

Charter School Support and Advocacy: New York Charter Schools Association (2010: \$6,250.00; 2011: \$5,725.00).

The school is a member of the New York Charter Schools Association (“NYCSA”). NYCSA provides support with New York's quality public school movement. NYCSA’s member services are designed to help schools operate more effectively, with a particular emphasis on academic achievement and responsible governance. Membership in NYCSA was approved by the Board in 2006 and, as such, the Board avows that review and approval of the annual membership fee by the Board is not required.

New York State Standardized Test Scoring: Educational Vistas (2011: \$6,006.75; Operating Contracts in 2010 and 2011).

Educational Vistas, Inc. (“EVI”) is utilized by the CSDA as well as a number of school districts throughout New York State for scoring the NYS standardized ELA and Math assessment tests each year, which ensures data integrity. The school uses EVI each year to score its NYS standardized tests, the results of which are reported directly to the State Education Department of New York (“SED”). The Board’s annual approval of the school’s operating budget provides the necessary authorization under the school’s purchasing practices and contracts guidelines for all necessary day-to-day operations and functions. Regular annual test-scoring fees are such an item, approved as a specified individual part of the annual Board-approved budget, and as such, received any needed Board approval.

See
Note 1
Page 16

Foreign Language Instruction: Rosetta Stone, LTD. (2010: \$7,520.00; 2011: \$6,595.00).

As part of its charter as well as its state-approved academic curriculum, the school provides Latin instruction. An integral part of the school's foreign language program is utilizing software-based interactive technology to complement students' language-learning ability. The dynamic learning environment supports the school's students in learning how to speak, read, write, and listen in a new language. Foreign language instruction is part of the school's Board-approved and charter authorizer-approved curriculum. The Board's annual approval of the school's operating budget provides the necessary authorization under the school's purchasing practices and contracts guidelines for all necessary day-to-day operations and functions, including its curricular program. Regular annual licensing fees are part of the school's standard curricular costs, an item approved as a part of the annual Board-approved budget, and as such, it receives the proper Board approval.

See
Note 1
Page 16

Office Copier Leasing and Maintenance: OCE Imagistics (Operating Contract in 2010); IKON Office & Financial Solutions (Operating Contracts in 2010 and 2011).

The Board's annual approval of the school's operating budget provides the necessary authorization under the school's purchasing practices and contracts guidelines for all necessary day-to-day operations and functions. Regular photocopier lease and maintenance agreements are such an item, approved as a specified individual part of the annual Board-approved budget, and as such, received any needed Board approval.

See
Note 1
Page 16

Property Maintenance: Rosenblum Property Services (Operating Contract in 2011); Carrier Corporation (Operating Contract in 2010).

Similar to janitorial services, the Board considers property maintenance a professional service for the school. As such, consistent with the purchasing practices and contracts guidelines, there is no need for multiple bids. In addition, the Board's annual approval of the school's operating budget provides the necessary authorization under the school's purchasing practices and contracts guidelines for all necessary day-to-day operations and functions. Regular property maintenance agreements are such an item, approved as a specified individual part of the annual Board-approved budget, and as such, received any needed Board approval.

See
Note 1
Page 16

Commercial Operating Insurance: The Hartford (2011: \$5,084.50); Austin & Company (2010: \$19,407.65; 2011: \$22,054.18; Operating Contracts in 2010 and 2011).

Maintaining adequate insurance coverage is part-and-parcel to the operation of any school. The Board considers insurance coverage such as property & casualty, student accident, general liability, and workers' compensation a professional service for the school. As such, consistent with the purchasing practices and contracts guidelines, there is no need for multiple bids. The Board's annual approval of the school's operating budget provides the necessary authorization under the school's purchasing practices and contracts guidelines for all necessary day-to-day operations and functions. Insurance contracts and premiums are such an item, approved as a specified individual part of the annual Board-approved budget, and as such, received any needed Board approval.

See
Note 1
Page 16

Information Technology Maintenance: Lucid Solutions Group (2010: \$7,000.00; Operating Contract in 2010).

The Board's annual approval of the school's operating budget provides the necessary authorization under the school's purchasing practices and contracts guidelines for all necessary day-to-day operations and functions. Regular IT support and maintenance are such items, approved as a specified individual part of the annual Board-approved budget, and as such, received any needed Board approval.

See
Note 1
Page 16

External Accounting Support: CFO For Hire (Operating Contracts in 2010 and 2011).

As an additional fiscal responsibility measure, the school regularly uses an external, independent accountant to review invoices, verify postings to the accounts payable system, and examine the payment record. Proper accounting is verified, and discrepancies, if any, are reviewed with the Finance Director and the appropriate corrective action is taken, which may include but is not limited to: correcting postings to the account payables and general ledger systems, obtaining credit from the vendor or service provider, and / or remitting additional payment for goods received and services rendered. This initiative is over-and-above any fiscal guidelines established by the school's charter, but a step of fiscal prudence authorized and approved by the Board. This professional service has become a regular part of the school's operations, and the Board's annual approval of the school's operating budget provides the necessary authorization under the school's purchasing practices and contracts guidelines for all necessary day-to-day operations and functions.

See
Note 1
Page 16

Academic Dean: Jamaal Shaheed (Operating Contract in 2010).

In July 2010, the school's academic dean (Douglas Greer) passed away unexpectedly. The school had previously worked with Mr. Shaheed on academic performance initiatives. As a result, needing to fill the academic dean position in an extremely short period of time (the school year starts at the end of August), the school decided to hire Mr. Shaheed on a contract basis with the approval of the Board. Mr. Shaheed was subsequently hired as a full-time employee for the 2011 – 2012 school year.

See
Note 4
Page 16

E-Rate Application: Janice Meyers Educational Consulting (Operating Contract in 2010).

E-Rate is the commonly used name for the Schools and Libraries Program of the Universal Service Fund, which is administered by the Universal Service Administrative Company (USAC) under the direction of the Federal Communications Commission (FCC). The program provides discounts to assist most schools and libraries in the United States (and the U.S. territories) to obtain affordable telecommunications and Internet access. Although the benefits of the program are invaluable to schools, the process for applying and obtaining the federal aid is complicated. As such, the school engages the services of an E-Rate consultant who assists the school in obtaining its E-Rate funding. It is a professional service contract that is excluded from the requirement for multiple bids. The contract fee is not in excess of \$5,000, which means that it is not subject to the purchasing practices and contracts guidelines.

See
Note 5
Page 16

Legal Services: Bond, Schoeneck & King PLLC (2011: \$5,776.85).

During the normal course of operations, the school may occasionally require assistance from legal counsel. Bond, Schoeneck & King (“BSK”) is Board-approved legal counsel to the school. As such, the Board does not consider payment made to BSK to be subject to the purchasing practices and contracts guidelines.

See
Note 6
Page 16

Professional Development: Lorraine Monroe Leadership Institute (2011: \$10,000.00; Operating Contract in 2011).

As reflected within its charter, the school must provide annual professional development for its academic staff. The school does so by engaging external consultants who are expert at providing educational training focused on enhancing teachers’ in-classroom skills. The training support is mandated by the school’s charter and is a fundamental component of the school’s annual operations. The Board’s annual approval of the school’s operating budget provides the necessary authorization under the school’s purchasing practices and contracts guidelines for all necessary day-to-day operations and functions, including the staff development and training components approved as a specified individual part of the school’s annual Board-approved budget.

See
Note 1
Page 16

The School appreciates the recommendation set forth by the OSC to have the Board approve all purchases and contracts with vendors who will receive more than \$5,000 in a fiscal year prior to School officials making the purchases or signing the contracts. However, the Board believes that the purchases and contracts identified within the OSC report as being subject to the purchasing practices and contracts guidelines (and delineated above) are outside the scope and intent of the policy.

See
Note 7
Page 17

The review of AACCS conducted by OSC has provided an opportunity for the school to update and further strengthen its financial and internal control policies. To that end, the Board is expected to approve the following amendments to the school's *Fiscal & Programmatic Audits and Financial Procedures* to ensure sound purchasing practices:

Purchasing Parameters

ITEM	Multiple Written Bids	RFP	Public Notice	Secondary Signature or Written Approval*	Board Approval
Check Writing (\$5K or higher)	N/A	N/A	N/A	Yes	No
Professional Services	Exempt	Exempt	Exempt	5K +	N/A
Sole Source	Exempt	Exempt	Exempt	5K +	N/A
State Contract Purchasing	Exempt	Exempt	Exempt	5K +	N/A
Non-Construction Purchases (\$15K to < \$50K)	Yes	Exempt	Exempt	Yes	No
Non-Construction Purchases (\$50K and higher)	No	Yes	Yes	Yes	No
Construction (\$15K to < \$100K)	No	No	No	Yes	No
Construction (\$100K or higher)	No	Yes	Yes	Yes	Yes
Any purchase less than \$5K	Exempt	Exempt	Exempt	No	No
Pledged Indebtedness (< \$100,000)	N/A	N/A	N/A	Yes	Yes
Pledged Indebtedness (\$100K or higher)	N/A	N/A	N/A	Yes	Yes

*Secondary written approvers and signatories include Principal (of relevant school), Chairman, Vice Chairman, or Treasurer.

**Defined as any indebtedness in which assets of the school are pledged.

This action was taken in anticipation of the recommendation provided by the OSC in the Report of Examination.

Respectfully submitted,

M. Christian Bender
 Board Chairman

APPENDIX B

OSC COMMENTS ON THE SCHOOL'S RESPONSE

Note 1

The Board's annual approval of the operating budget establishes spending limits for expenses throughout the fiscal year. The operating budget does not include contract related information such as vendor names and amounts to be paid to the vendors. Therefore, we do not agree that the approval of the operating budget constitutes Board approval for regularly anticipated contracts for the budgeted amount. Contract approvals should be a separate and distinct act from the annual approval of the operating budget.

Note 2

Our findings did not address the quote/bid process used by the School to obtain services. As included in the response, the Board policy states "all purchases in excess of \$5,000 shall be approved by the Board of Trustees" and "all contracts and loans shall be approved by the Board of Trustees." There is no exemption in the policy for the approval of professional service purchases or contracts.

Note 3

School officials state that special education services are exempt from the purchasing practices and contracts guidelines; however, while we were conducting our audit, we found that the School had entered into a contract with the vendor to provide the special education services. That contract had not been approved by the Board. When the Board does not approve a contract with the vendor, there is a lack of Board oversight and the Board is not following its adopted policy.

Note 4

The Board policy states "all contracts and loans shall be approved by the Board of Trustees." There was no evidence in the Board minutes that the Board approved the contract with the academic dean.

Note 5

During the 2010-11 fiscal year, the School made two payments to the E-Rate Consultant totaling \$5,000. In accordance with its own adopted policy, because the vendor received \$5,000 in a fiscal year, the Board should have approved the purchase and the contract for this consultant.

Note 6

The Board should enter into contracts with professional service providers. A contract details the terms and compensation guidelines for the services performed. Without this detail, the Board is at risk of paying for unwanted services or overpaying for the services required.

Note 7

The Board's policy clearly states that all purchases in excess of \$5,000, all contracts, and all loans should be approved by the Board. It is not our intent to establish a monetary threshold for when the Board should approve its purchases and contracts. Rather, it is our intent to recommend that the Board comply with its own adopted policy; our audit findings and recommendation are based on the School's policy. If it is the Board's intent to exempt certain types of purchases and/or contracts from its approval, it should modify its policy to reflect its intentions. The Board should then ensure it is in compliance with its own established policy.

APPENDIX C

AUDIT METHODOLOGY AND STANDARDS

The objective of our examination was to assess the School's financial operations. To accomplish this, we performed an initial assessment of the internal controls so that we could design our audit to focus on those areas most at risk. Our initial assessment included evaluations of the following areas: financial oversight, control environment, cash receipts and disbursements, purchasing, payroll, and information technology.

During the initial assessment, we interviewed appropriate School officials, performed limited tests of transactions and reviewed pertinent documents such as the School's charter, financial policies and procedures manuals, Board minutes, and financial records and reports. In addition, we reviewed the School's internal controls and procedures over the computerized financial databases to help ensure that the information produced by such systems was reliable.

After reviewing the information gathered during our initial assessment, we determined that controls appeared to be adequate and limited risk existed in most of the financial areas we reviewed. We then decided upon the reported objective and scope by selecting for audit areas that appeared to have additional controls in place. We selected Board oversight for further audit testing. To accomplish our audit objective and obtain valid audit evidence, our procedures included the following steps:

- We interviewed key personnel to determine the Board's oversight responsibilities over purchasing.
- We reviewed electronic data from the School's accounting system to determine the vendors that received payments greater than \$5,000 during the fiscal years of our scope period. There were 62 vendors that received payments of \$5,000 or more per fiscal year in our scope period.
- We reviewed 62 claims and purchases by judgmentally selecting the highest payment amount for each vendor. We determined whether the check and invoice matched the accounting records and the Board approved the purchase and contract, if applicable.
- Resident School District Billings — We reviewed resident school district billings and found the School had adequate procedures to verify student addresses and verify resident districts. We selected a sample of 10 students during planning to verify that the School had adequate documentation supporting student addresses. We also verified that the School was billing each of the ten students' resident school districts the appropriate tuition rates.⁴ We found no exceptions.
- Cash Disbursements — We reviewed the School's internal control structure over cash disbursements. Specifically, we reviewed the cash disbursement process, ensured that bank reconciliations were completed regularly and timely, reviewed controls over check stocks, and interviewed employees involved with the process. We found minor exceptions, which we discussed with School officials.

⁴ Districts represented included the Albany City School District, Schenectady City School District, the Troy City School District, and the Guilderland Central School District.

- Inventory and Asset Controls — We reviewed the School’s controls over inventories and fixed assets. We found no exceptions.
- Information Technology (IT) — We reviewed the Schools IT controls. Specifically, we reviewed the School’s physical and logical controls to ensure that the School’s assets were adequately safeguarded. We found minor exceptions, which we discussed with School officials.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

APPENDIX D

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