

Grand Island Central School District

School District Website

MARCH 2021



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Grand Island Central School District

Audit Objective

Determine whether the Grand Island Central School District (District) used its resources to maintain a website that provided the public with transparent and comprehensive financial information.

Key Findings

District officials maintained a website, but certain financial information was not transparent and comprehensive.

Officials did not post:

- Comprehensive budget-to-actual results in an easily accessible location.
- Corrective action plans (CAPs) with a specific individual responsible for corrective action and implementation date per audit recommendations.

Officials did not prepare:

- A multiyear financial plan. Posting a prepared plan further enhances the transparency of the District's fiscal decisions.

Key Recommendations

- Provide further transparency by posting comprehensive budget-to-actual and internal audit results in a location easy to access.
- Prepare and post a multiyear financial plan to help residents see the impact of fiscal decisions over time.
- Ensure CAPs address responsibility and implementation dates of corrective action.

District officials generally agreed with our recommendations and indicated they will take corrective action. Appendix C includes our comment on an issue District officials raised in their response.

Background

The District serves the Town of Grand Island in Erie County.

The District is governed by a Board of seven elected members, which is responsible for the general management and control of financial affairs. The Superintendent of Schools is responsible for day-to-day management under the Board's direction. The Board, Superintendent and Assistant Superintendent for Finance and Support Services are accountable to District taxpayers for the use of resources and are responsible for effective financial management of operations.

Quick Facts

Total Website Visits (2018-19)	Unknown
Population (rounded)	20,400
Enrollment	2,911
2019-20 Budgeted Appropriations	\$63.7 mil

Audit Period

July 1, 2018 – June 30, 2019. As described in Appendix D, for certain financial information reviews we extended the audit period.

School District Website

A district operates to provide public education services for its students. The public's right to know the process of decision making and to review the documents leading to actions is basic. Access to such comprehensive information should not be difficult for the public to obtain.

To this end, various laws and regulations require certain information to be posted on districts' websites to help enhance the public's access to basic information. Further, districts following best practices and guidance should utilize the website as another tool to communicate their financial direction.

In a time when financial resources are limited, making well-informed decisions is critical. Therefore, it is important that the public have access to transparent and comprehensive district financial information. A district's transparency of comprehensive financial information allows the public to formulate questions for officials and ultimately make informed decisions that will impact district programming and the annual tax levy. If residents cannot locate necessary financial information on their district's website, they would have to contact their district directly.

How Should Officials Provide Comprehensive Financial Information Transparently to the Public?

District officials can provide comprehensive financial records and other information to the public in a transparent manner by making the information available on the district website. While certain laws and regulations require a district's website to contain audit reports, CAPs, the original and final annual budgets and any board-adopted multiyear financial plan, other information should be shared with the public in a complete and clear manner. For example, financial reports should either appear prominently on the district's home page or be easy to locate on the website. In addition, voters may find other documents helpful in evaluating the budget and keeping them informed. Such documents include planning documents, board minutes, newsletters, press releases or other materials on district operations.

Certain Financial Information Was Not Posted on the Website in a Transparent and Comprehensive Manner

District officials maintained a website that provided the public with certain financial information that was limited in comprehensiveness and transparency.

Officials did not create a multiyear financial plan; therefore, nothing was posted on the website (Figure 1). In addition, while the internal audit results and partial year budget-to-actuals were posted, these documents were not in an easily accessible transparent location. This information is helpful to voters and can help them make an informed inquiry or decision.

Figure 1: Financial Information on the Website

Financial Information	Posted		Posting Required
	Yes	No	
Budget –Original, Board Adopted for Vote	X		Yes
Budget – Final Annual	X		Yes
Multiyear Financial Plan		X	No ^a
Budget-to-Actual Reports	X		No
Audits	Posted		Posting Required
	Yes	No	
External Audit	X		Yes
External Audit - CAP	X		Yes
State Comptroller’s Audit (OSC)	X		Yes
OSC Audit - CAP	X		Yes
Internal Audit	X		No
Internal Audit - CAP	X		No
a If the District had adopted a plan, such plan would be required to be posted to the website.			

Although officials posted the Board’s original adopted budget and partial year budget-to-actual reports on the website, these documents were located on separate web pages. Further, the year-end budget-to-actual expenditure report was not posted for the public. Because these documents were not in a transparent location, budget assessments would be difficult to make by taxpayers and other interested parties.

For example, the District’s financial statements showed the Board’s actual revenue and expenditure amounts were similar to the budgeted amounts in 2017-18 and 2018-19. However, without year-end budget-to-actual results posted in a transparent location, interested parties cannot determine whether the estimates were reasonable before voting.

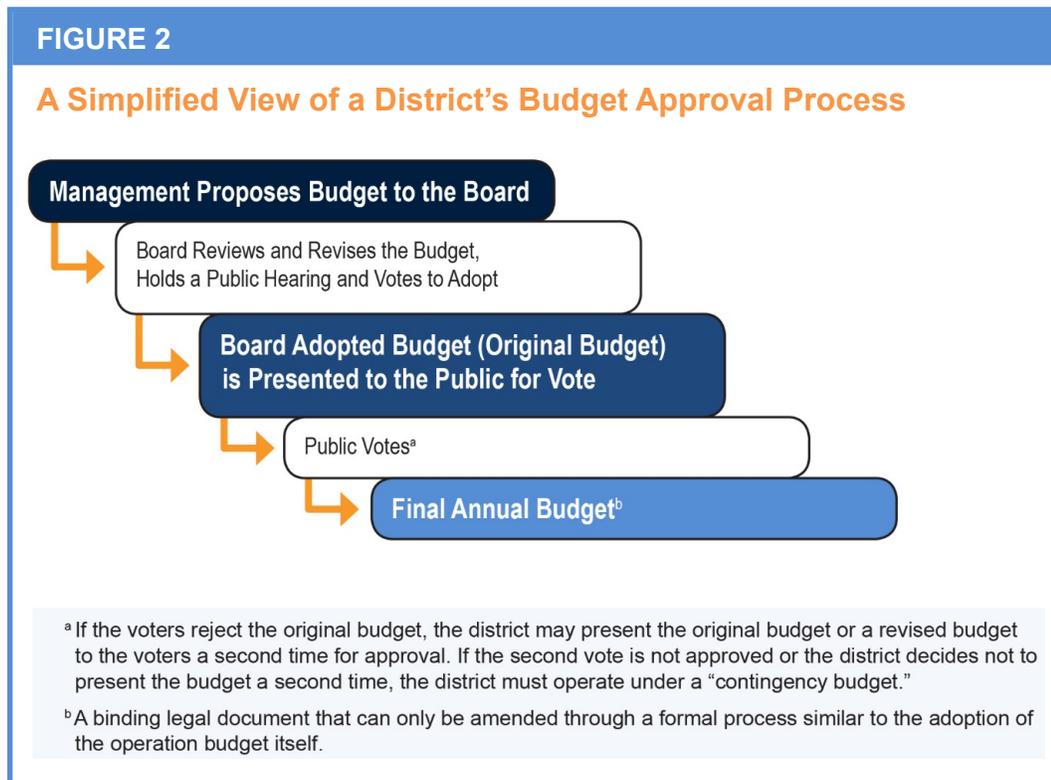
The failure to provide and post comprehensive financial information, such as a multiyear financial plan, prevents the taxpayers and other interested parties from readily accessing and reviewing documents to make informed decisions.

Which Budgeting and Financial Planning Documents Provide Transparency?

Final Annual Budget – A budget is a detailed financial plan of estimated expenditures (proposed spending) and means of financing (estimated revenues and appropriated fund balance and reserves¹). Figure 2 shows the budget

¹ Planned use of unexpended surplus money from prior years’ operations

approval process. Budgets are developed, adopted and subjected to voter approval each year.² Ideally, amounts to be placed in reserves should be included in the annual budget to ensure taxpayers are aware of the board’s intent to fund reserves in the upcoming year. After the public vote, the final annual budget must be posted on the district’s website, as required.



Budget-to-Actual Reports – Officials should provide support for their budgetary estimates using actual historical trends, including projections of current year spending and receipts based on year-to-date actual amounts, along with analyses of identified future needs and risks to compute budget items. Actual revenue and expenditure information should be made available to provide district taxpayers with an understanding of the budget’s status.

Original Budget – A comprehensive, board-adopted budget must be posted and include:

- A three-component presentation as follows: administrative, capital and program.
- Categories of revenues, expenditures and fund balance information and comparison data and changes from the prior year school budget.

² With the exception of the Big Five districts (Buffalo, New York City, Rochester, Syracuse and Yonkers)

-
- Appended documents, including the administrator salary disclosure and property tax report card with a schedule of reserves, among other items.

The appended administrator salary disclosure is a report of highest payroll for administrator titles and amount in the district (reported in 2019-20 all administrators with salaries exceeding \$138,000). The district's property tax report card includes details on the national consumer price index, district enrollment, fund balance, spending and tax levies for the current and future school year.

The appended property tax report card also includes information on each district's reserve fund balances as of March 31, including each reserve's name, a short description, and any planned use of the funds in the upcoming school year. Reviewers can use this information to assess whether the amount in each reserve fund is reasonable.

An unrealistic budget can result in a tax levy that is more than needed. The law restricts districts in the amount of unexpended surplus funds they can keep, so that they do not – intentionally or unintentionally – retain large sums of money unless it is intended for a specific purpose. Conversely, an unrealistic budget can also result in a tax levy that is insufficient to fund district operations.

Multiyear Financial Plans – District officials can set long-term priorities and work toward goals by using a multiyear financial plan. A plan can help stakeholders see the impact of the fiscal decisions over time. They can decide what funding choices to make in advance, avoiding sudden tax increases or dramatic budget cuts and accumulating excessive fund balance. If the board adopted a multiyear financial plan, it must be posted on the district website. Elements of a plan should include revenue and expenditure projections, annual surpluses/(deficits), reserves, fund balances and a fiscal improvement plan.

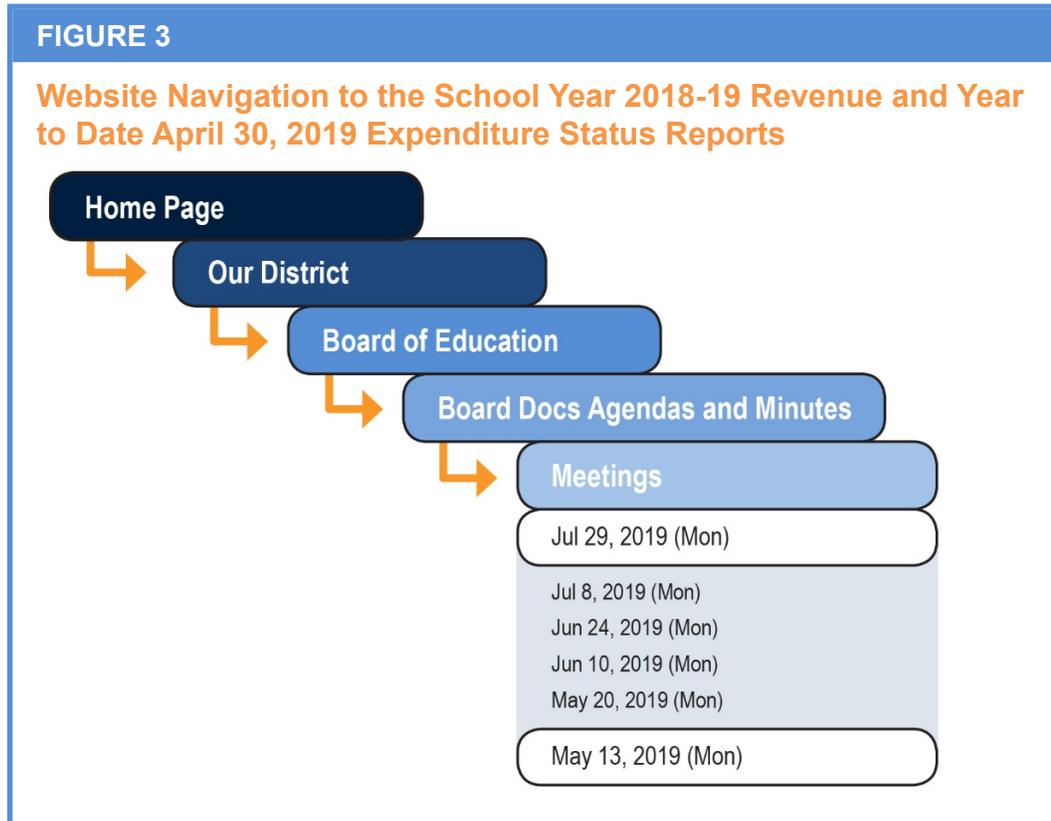
Officials Could Enhance the Transparency of Financial Information

Final Annual Budget – Voters passed the original 2019-20 budget and officials posted the final annual budget on the website, as required. The budget information web page indicated the taxpayers' approval of the budget and a link to the 2019-20 budget book. The Budget Information web page link was found on the Board of Education web page, linked from the District's Home Page.

Budget-to-Actual Reports – Actual revenues and expenditures information for 2018-19 were located on the Board of Education web page within the Board agenda as a revenue and expenditure status report attachment. The revenue status report was found attached in the July 29, 2019 meeting agenda and the 10-month expenditure status report was found in the May 13, 2019 agenda. Although posted, it would be difficult for interested parties to locate the information. Similarly, they would have to search through Board agendas by

An unrealistic budget can result in a tax levy that is more than needed.

meeting date to locate historical actual results. After finding the correct meeting date, the interested party would search through the agenda to locate the reports. The Board of Education web page is located from the District's Home Page by selecting Our District (Figure 3).



In addition, while the revenue status report posted was for the entire 2018-19 school year, the most complete expenditure status report posted was for 10 months instead of the complete year. Providing complete historical and current year actual revenue and expenditure results on the same web page as budget information could have enhanced the transparency of financial information regardless of whether any major budgetary issues occurred or not. To adequately evaluate budgets, the current budget must be compared to previous budgets and evaluated in comparison to actual spending and receipts. Such comparisons help to identify any ongoing problems the District is having with its budgets.

The Assistant Superintendent for Finance and Support Services told us she was new to the District and did not want to make changes initially to how financial information was presented to the public. Furthermore, she told us the budget status report format was confusing for the public and the report was removed from

the meeting agendas. See Appendix A for a snapshot presentation of the District's budget comparison.

Original Budget – The proposed budget, appended Property Tax Report Card and administrative salary disclosure were posted on the District's website. The document was located on the 2019-20 budget information web page found on the Board of Education web page, which linked from the District's Home Page.

The budget document included categories for revenues, expenditures and fund balance; a comparison between the adopted and prior year final annual budget; and schedule of reserves information.

Multiyear Financial Plan – District officials have not developed a board-adopted multiyear financial plan. The Assistant Superintendent for Finance and Support Services told us changes in administration made it difficult to create a plan. However, having a prepared, adopted and posted plan helps officials and the public see the impact of fiscal decisions over time and the effect on District priorities and goals.

How Do Posted Audit Reports and CAPs Provide Transparency?

An audit (external or internal) is an integral part of a district's system of checks and balances and providing an objective review of stewardship and fostering accountability to taxpayers and the public. The board is required to secure an annual audit by an independent auditor including an annual audit of district federal award programs, if warranted,³ and the extra-classroom activity fund.

Districts must post on their websites the annual external audit report that is issued by a certified public accounting firm and the CAP prepared in response to any findings contained in the annual external audit report or management letter, or any final audit report issued by OSC. Districts are required to post the final audit report from OSC on their internet websites for a period of five years.

CAPs provide an opportunity for the governing board to provide direction, and communicate how audit findings and recommendations will be used positively to improve operations and internal controls. A CAP helps ensure corrections occur and should include a detailed description of what action has already occurred or is planned in response to each recommendation, who within the district is responsible for implementation and the implementation date.

Further, districts are required to establish an internal audit function. The internal auditor's primary responsibility is to assist in ensuring that risks to district assets are identified and that appropriate internal controls are in place to address those risks.

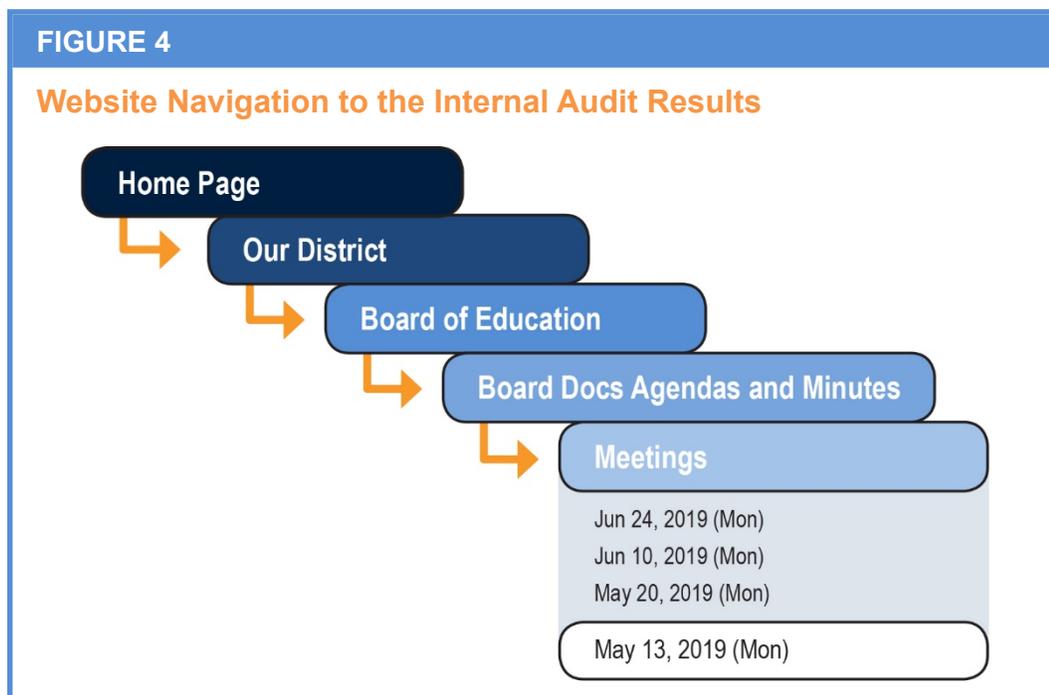
³ The Uniform Guidance requires that an annual audit of the district's federal award programs be included with the annual school district audit if \$750,000 or more in federal aid was expended during the corresponding year.

Audits and CAPs Could Be More Transparent and Comprehensive

The District had an external audit and CAP posted to its website for 2017-18. The posted documents included the audit of financial statements, management letter, District's federal award programs and the extra-classroom activity fund. The audit documents (i.e., reports) and CAP were found through the Audits and Financial Statements link, located on the Business and Finance web page. The OSC audit report and CAP,⁴ issued within the last five years, were located on the Business and Finance page, through the Audits and Financial Statements link.

District officials implemented the internal audit function for 2018-19 and posted the results. The results were found included as an attachment to a Board agenda dated May 13, 2019 (Figure 4).

However, visitors to the website must search through all Board agendas, looking at the agenda items for each meeting, to find the internal audit results. The Superintendent and Assistant Superintendent for Finance and Support Services told us that guidance on how to transparently place information on the website prior to the audit was not provided to them. By posting the internal audit results with other audit documents, users could gain a better understanding of the risks faced by the District in one centralized location.



⁴ Refer to *Grand Island Central School District – Interfund Financial Activity (2016M-42)* released in May 2016. The corrective action plan was included as an appendix to our report.

While the external and internal audit CAPs were written in response to the recommendations, they only identified the District or department responsible to implement the corrective action, not specifically who in the District was responsible. The CAPs also did not regularly state an implementation date to address the recommendations. The Assistant Superintendent for Finance and Support Services told us details of corrective actions were discussed during meetings with the Board and responsible individuals. Assigning responsibility to a specific individual or date of implementation creates certainty as to who is responsible to perform the corrective action and when it will be completed. It also assists in monitoring completion. Lastly, including such information in the CAPs informs interested parties of who is responsible and when corrective measures will be taken.

What Do We Recommend?

The Board and Superintendent:

1. Should prepare and post a multiyear financial plan to the website to help residents, taxpayers and the public see the impact of fiscal decisions.
2. Should provide further transparency by posting complete budget-to-actual results and the internal audit results and related CAP to the website in a transparent location.
3. Should specify in the District's adopted CAPs who is responsible for implementing corrective action and an implementation date.

Appendix A: Revenues and Expenditures Comparison – Budget to Reported Actual

Figure 5: Budget to Reported Actual Results

Categories	2017-18		2018-19	
	Original Budget	Actual Results	Original Budget	Actual Results
Revenues and Other Sources	\$62,743,487	\$58,726,328	\$62,634,920	\$59,007,835
Expenditures				
General Support	\$6,876,658	\$5,483,503	\$6,722,633	\$5,746,539
Instruction	31,364,130	30,705,448	32,225,208	30,628,723
Pupil Transportation	2,594,787	2,414,477	2,787,718	2,518,614
Community Services	17,045	2,068	17,045	2,663
Employee Benefits	15,129,921	14,299,387	15,518,751	15,217,557
Debt Service – Principal	3,633,128	3,632,393	3,169,987	3,169,987
Debt Service – Interest	3,067,818	3,027,590	1,993,578	1,965,019
Other Financing Uses	60,000	110,000	200,000	144,330
Expenditures and Other Financing Uses	\$62,743,487	\$59,674,866	\$62,634,920	\$59,393,432
Operating Results – Surplus (Deficit)		(\$948,538)		(\$385,597)
Tax Levy Increase Percentage from Prior Year	2.62%		1.02%	

Appendix B: Response From District Officials

Grand Island Central School District

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Office of State Comptroller Audit Response January 26, 2021

Office of State Comptroller Audit Report Title:

School District Website
Report of Examination
Period Covered: July 1, 2018 – June 30, 2019

Office of State Comptroller Audit Report Number:

S9-19-31

The Grand Island Central School District is in receipt of the draft *School District Website-Report of Examination* (Audit Report) issued by your office for the period of July 1, 2018 – June 30, 2019. The District would like to thank the Comptroller staff for their professionalism and courtesy in conducting their duties associated with this audit.

The Grand Island Central School District Board of Education and Administration take their fiduciary responsibilities very seriously. We are committed to ensuring that our financials are administered responsibly and in the students' best interest and the community with accuracy and transparency.

1. Audit Recommendation:

Should prepare and post a multi-year financial plan to the website to help residents, taxpayers, and the public see the impact of financial decisions.

District Response:

The Office of State Comptroller audit was conducted prior to the COVID-19 shutdown, so physical and financial focus shifted to getting the students serviced while remote and then returning in the 2020-21 school year in a hybrid model. Lastly, the multi-year plan though helpful and beneficial is not a requirement. The requirement is that it needs to be posted to the website once developed. The District has partnered with a firm that has begun helping the District create a multi-year financial plan. Once completed, it will be posted to the website as required.

2. Audit Recommendation:

Should provide further transparency by posting complete budget to actual results and the internal audit results and related CAP to the website in a transparent location.

District Response

The District website shows Financial Statements from our external audits dating back to 2015. This provides the most transparent look at what has occurred in expenses and revenues for a year over year comparison. We also keep budget documents on the district website dating back to the 2014-2015 school year. This offers a wide variety of financial information transparency on both the revenue and expenditures sides. We would also like to mention that internal audits are not required to be posted to the website, as shown in Figure 1 on page five, but we have reported that information for transparency, we will be sure the CAP is provided, so it allows for complete disclosure of the plans for correction.

See Note 1 Page 13

3. Audit Recommendation:

Should specify in the District's adopted CAPs who is responsible for implementing corrective action and an implementation date.

Implementation Plan of Action:

The District will utilize the Office of State Comptroller CAP template plan when writing all future corrective action plans, which provides an area for the implementation date and person(s) responsible.

Signed: _____
Dr. Brian Graham

Date: 1/27/2021

Appendix C: OSC Comment on the District's Response

Note 1

Budget documents posted on the website and reviewed during our audit did not contain actual results for the current school year. To adequately evaluate budgets, the current budget must be compared to previous budgets and evaluated in comparison to actual spending and receipts.

Appendix D: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We selected the District for audit using a random number generator applied to a list of districts (excluding NYC schools) not currently in the OSC audit process at the time of selection.
- We reviewed the 2019-20 budget documents (original proposed, final annual, appended property tax report card), multiyear financial plan, budget-to-actual revenues and expenditures, 2017-18 external audit and corrective action plan, most recent OSC audit and corrective action plan and internal audit and corrective action plan, if available. We selected this financial information to be included in our audit because of the historical risk related to lack of transparency of this financial information to the public. We reviewed the District's website on September 10 and 11, 2019 to determine whether the District is providing the public with transparent and comprehensive financial information. We extended the scope forward to July 29, 2019 to capture the posting of the year end revenue status report.
- We interviewed District officials to gain an understanding of the process for approving, finalizing, posting and maintaining certain financial information on the District's website.
- We reviewed District policies to gain an understanding of information required to be posted to its website.
- We reviewed Board minutes for 2018-19 to determine whether the Board took any action related to the 2019-20 budget work and appended property tax report card, 2018-19 reserve activity, multiyear financial plan, actual expenditures and revenue reports, most recent audit reports and associated CAPs. We reviewed Board minutes from July 1, 2014 through June 30, 2018 to determine whether the Board documented or discussed any actions related to the financial information audited during those years if we did not find it in the 2018-19 minutes.
- We collected screen shots of the District's website to provide a single date of reference during audit testing.
- In addition to determining whether the item was located on the website at the time of testing, we reviewed the District's support showing the item's activity on the website, if available – a date posting, updating and/or deleting. The District's website activity, when available, showed the last modify date, document upload date and user for financial information posted to the website. We determined reasonable reliability of the last modified date and document upload date on the reports for tested information by comparing to

Board approval dates and/or dates financial information was added to the website program.

- We did not audit the accuracy of the financial information posted to the District website. However, we determined reasonable reliability of financial information by analyzing various documents on the District's website for consistency of information provided, adhering to the law and District policies, and transparency of posted documents and website location.
- We reviewed 11 employees' administrative permissions, and the process of posting information through a visual review.
- We reviewed an email from January 6, 2020 pertaining to our audit objective to gain an understanding of how employees are instructed to post financial information to the website. We extended forward the scope to include the January 6, 2020 email for this review.
- We included a comparison of revenue and expenditure results reported in the external audit reports to show budget-to-actual results for 2017-18 and 2018-19.

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.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a(3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. 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. The CAP should be posted on the District's website for public review.

Appendix E: Resources and Services

Regional Office Directory

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263211&issued=All

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/local-government/academy

Contact

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