

**Eastern Suffolk BOCES  
Corrective Action Plan**

**Internal Audit Report on Detailed Testing**

**Cullen & Danowski, LLP**

**Report dated August 24, 2022**

<b>Findings and Recommendations</b>	<b>ESBOCES Response/Corrective Actions</b>	<b>Responsible Person(s)</b>	<b>Estimated Completion /Status</b>
<p>Reportable Conditions: None</p> <p><b>Category: Special Education Division</b></p> <p><b><u>Findings:</u></b></p> <p>Review of Board policies, ESBOCES procedures, collective bargaining agreements and employee contracts, and interviews with ESBOCES employees related to the financial operations of the Division noted:</p> <ul style="list-style-type: none"> <li>• There are numerous Board policies and formal procedures related to the financial operations of the Division covering budgets, purchasing, vendor payments, payroll, district billings, inventories and student management. Some of the policies include Policy 4110 – <i>Budget Planning and Preparation</i>, Policy 4120 – <i>Budget Development and Adoption</i>, Policy 4130 - <i>Administration of Budget</i>, Policy 4140 - <i>Budget Transfers and Adjustments</i>, Policy 4220 - <i>Revenue</i>, Policy 4230 - <i>Revenue from Local Districts</i>, Policy 4310 - <i>Purchasing</i>, Policy 4312 - <i>Approval of Contracts for Procurement of Goods and Services</i>, Policy 4411 - <i>Payroll</i>, Policy 5152 - <i>Temporary Personnel</i>, Policy 6110 - <i>Student Attendance</i> and Policy 6420 – <i>Confidentiality of Student Records</i>.</li> <li>• The Division has been improving the financial operations over the past few years, which includes proper segregation of duties, appropriate reviews of records by a second employee, creating standard practices to establish consistency and defining the responsibilities of the staff, to name a few of the improvements.</li> <li>• The staff in the Division have been developing written, formal procedures covering key processes performed by the employees. The Division should continue developing written, formal procedures because these documents are very helpful in the event of employee separations or absences.</li> </ul>			

**Internal Audit Report on Detailed Testing**

**Cullen & Danowski, LLP**

**Report dated August 24, 2022**

<b>Findings and Recommendations</b>	<b>ESBOCES Response/Corrective Actions</b>	<b>Responsible Person(s)</b>	<b>Estimated Completion /Status</b>
<ul style="list-style-type: none"><li>Review of the internal controls and procedures related to purchasing, vendor payments, district billings and student management found:</li><li>The Division has formal procedures and internal controls related to these key processes as noted in the background section above.</li><li>There are processes in place to properly review and verify the accuracy of data related to district billings and student management activities.</li></ul> <p>Review of the financial activities of the Division for the 2021-22 fiscal year and compare to the 2020-21 budget and the 2020-21 actual results noted:</p> <ul style="list-style-type: none"><li>The Division has procedures to perform reviews of its respective budget account codes to identify any significant variances between budget and actual results during the current fiscal year and, if necessary, take appropriate action (e.g., preparing a budget transfer). In addition, the Director and other senior administrators have meetings throughout the fiscal year to review the financial activities of the divisions and to perform comparisons with the prior year.</li><li>The review of a selection of budget transfers and adjustments found that there was proper supporting documentation related to these transactions.</li></ul> <p>Preparation of a 3-year variance schedule from 2019-20 through 2021-22 listing the revenues and costs of each cooperative service offered by the Special Education Division found:</p> <ul style="list-style-type: none"><li>There have been significant variances related to revenues and costs of services offered by the Division during the past 3 years mainly due to impacts of the pandemic. The Division had to work around school building closures from March through June 2020 and hybrid models during the 2021-22 year.</li><li>There has been a recent uptick in special education enrollment since the 2021-22 year and the Division projects this trend to continue into the next</li></ul>			

**Internal Audit Report on Detailed Testing**

**Cullen & Danowski, LLP**

**Report dated August 24, 2022**

Findings and Recommendations	ESBOCES Response/Corrective Actions	Responsible Person(s)	Estimated Completion /Status
<p>fiscal 2022-23 year.</p> <p><i>Purchasing and Vendor Payments</i> Review of the selected invoices for 3 large vendors and the selected 25 additional invoices noted:</p> <ul style="list-style-type: none"> <li>There were no exceptions or findings based on our review of the selected invoices, as we found the amounts of these payments were correct and there was proper supporting documentation.</li> </ul> <p><i>District Billings</i> Review of the selected 20 billings to school districts found:</p> <ul style="list-style-type: none"> <li>There is adequate segregation of duties and proper documentation related to billings to school districts.</li> <li>The test results found that there were no exceptions as the 20 billings were accurate and there was proper documentation to support the amounts of these invoices.</li> <li>There were no exceptions noted during the comparison of the BOCES Direct billing reports with the students' commitment letters.</li> <li>There were no exceptions noted during the comparison of the BOCES Direct billing reports with the WinCap Revenue Activity Report for Special Education billings.</li> </ul> <p><i>Student Management</i> Review of the selected 15 students to ensure that the services and programs per the student's IEP were scheduled, monitored, provided and billed to the respective districts noted:</p> <ul style="list-style-type: none"> <li>There were 3 instances where a student's IEP did not align with the student's commitment letter. We were informed that ESBOCES researched this item and believes that these occurrences are the result of</li> </ul>			

**Internal Audit Report on Detailed Testing**

**Cullen & Danowski, LLP**

**Report dated August 24, 2022**

<b>Findings and Recommendations</b>	<b>ESBOCES Response/Corrective Actions</b>	<b>Responsible Person(s)</b>	<b>Estimated Completion /Status</b>
<p>the districts not changing the IEP although the Division submits requests to the component school districts to revise the IEP accordingly. Further review found that the commitment letter agreed to the billing records to ensure that all services provided to these students were appropriately billed to the respective component school district.</p> <p><i>Itinerant Services</i> Review of the procedures related to itinerant services within the Division that includes the monitoring, tracking, reporting and billing of these services found:</p> <ul style="list-style-type: none"><li>• The Division has recently made significant enhancements to the controls related to the monitoring, tracking, reporting, and billing of the itinerant services by developing procedures for these providers to enter the status of services being provided into a shared Google sheet. This new process of entering live attendance updates into a shared Google sheet has provided the Divisions' Administrators the ability to actively track and monitor the services being provided and better ensure the appropriate services are being provided. In addition, this will improve the ability to track the makeup sessions that may be required in the event that the IEP related services were unable to be provided on the scheduled date with the students due to absences.</li><li>• Review of the selected 10 providers of itinerant services to ensure that there is appropriate documentation to support the services and billings to the respective districts for the chosen fiscal year noted:</li><li>• There were instances where our review of documentation related to 6 itinerant service providers found multiple occurrences where the code TA for Teacher Absent appeared in the Monthly Student Service Record of 21 students, but there did not appear to be a make-up day listed on the proposed schedules of these providers. Further review found that the prior process of using proposed schedules did not include the recording and tracking of makeup sessions that may have taken place.</li></ul>			

**Internal Audit Report on Detailed Testing**

**Cullen & Danowski, LLP**

**Report dated August 24, 2022**

Findings and Recommendations	ESBOCES Response/Corrective Actions	Responsible Person(s)	Estimated Completion /Status
<p><b><u>Recommendations:</u></b></p> <p>We recommend that ESBOCES consider implementing the following items to further improve internal controls and operational efficiencies related to the financial operations of the Division:</p> <ol style="list-style-type: none"> <li>1. Continue efforts with developing written, formal procedures related to key processes. We recommend that the staff prioritize these items based on the frequency of performing these tasks. For example, start with the procedures performed annually then quarterly, monthly and daily.</li> <li>2. Establish procedures for an Administrator to perform periodic spot checks of itinerant service providers to help ensure the services being billed are being provided. This process by the Administrators would include the tracking and monitoring of the services being provided by the itinerant service providers based on the actual schedule information that is entered into the shared Google sheet.</li> </ol> <p><b>Category: Overtime and Hourly Payments</b></p> <p><b><u>Findings:</u></b></p> <p>Review of the current processes related to overtime and hourly payments procedures that includes preapprovals, approvals and payments found:</p> <ul style="list-style-type: none"> <li>• There are standard processes related to overtime and hourly payments that includes the requirement to obtain preapprovals by the employee's immediate supervisor in advance of the work to be performed, with the exception of emergencies. However, we found that there is opportunity for improvement related to the preapproval process because there was a lack of consistent practices at ESBOCES. We noted that the method for completing the preapproval process varied among the departments and divisions that includes the use of emails, oral communications or a</li> </ul>	<p>The Special Education Division will continue efforts to develop written formal procedures.</p> <p>The Special Education Division will develop a procedure for Administrators to perform periodic spot checks of itinerant service providers to ensure that services being billed are being provided.</p>	<p>Gina Reilly</p> <p>Gina Reilly</p>	<p>June 2024</p> <p>June 2023</p>

**Internal Audit Report on Detailed Testing**

**Cullen & Danowski, LLP**

**Report dated August 24, 2022**

<b>Findings and Recommendations</b>	<b>ESBOCES Response/Corrective Actions</b>	<b>Responsible Person(s)</b>	<b>Estimated Completion /Status</b>
<p>combination of both. Subsequent to our fieldwork, ESBOCES addressed this item by creating a standard Overtime Preapproval form (#4411F.14) and developing procedures to require the employees to prepare this form and submit the form to their respective supervisor to preapprove all non-emergency overtime. The implementation of this new process, effective July 1, 2022, has established consistent practices related to preapprovals of overtime.</p> <ul style="list-style-type: none"><li>• The Payroll Department has procedures in place that includes reviewing the overtime reports to ensure that a reason is included in the employees' WinCap Web timecard. In the event that the reason is missing in the timecard, the Payroll Department sends an email message to the employee and approver(s) informing them that the reason field must be populated in compliance with ESBOCES protocols.</li><li>• The Business Office requested that the WinCap Web programmers make the note field a required one, but the WinCap vendor is unwilling to do so at this time. We were informed that there has been improvement with the employees filling out the reason section as we found there was only 1 timecard that was missing this information during the recent review of the overtime reports by the Payroll staff.</li><li>• The ESBOCES offers compensatory time to employees when they work overtime hours in lieu of receiving a payment for these hours through payroll. We understand that the Human Resources Department is responsible for managing the compensatory time of staff. We find that the use of compensatory time requires additional administrative involvement and results in other operational challenges in comparison to overtime payments.</li></ul> <p>Obtaining overtime reports from the WinCap financial system and reviewing the data for any anomalies or other types of results (e.g., the amount of overtime paid to the employees) noted:</p>			

**Internal Audit Report on Detailed Testing**

**Cullen & Danowski, LLP**

**Report dated August 24, 2022**

Findings and Recommendations	ESBOCES Response/Corrective Actions	Responsible Person(s)	Estimated Completion /Status
<ul style="list-style-type: none"> <li>• There are several employees who earn a substantial amount of overtime with 13 staff who were paid more than \$25,000 during the audit period, January 1, 2021 through February 28, 2022.</li> <li>• The administrators perform periodic reviews of the overtime payments that includes sizable earnings for some staff and to assess the reasons for these employees working these overtime hours. This includes determining potential resolutions or options including changes in staff sizes, engaging contractors or third parties, realigning projects, etc. However, we found that ESBOCES does not formally document the completion of this review to memorialize the process.</li> </ul> <p>Selection of a sample of 40 overtime and hourly payments to ensure that each transaction was properly supported (i.e., preapproval and approval) and the amount paid was correct found:</p> <ul style="list-style-type: none"> <li>• The payment amounts were correct and the overtime rates (i.e., 1.5 or 2 times regular rate of pay) related to the hours worked agreed with the employees' bargaining unit contract.</li> <li>• The WinCap Web timecards are submitted systematically to the Payroll Department; therefore, we were unable to verify if there was any supporting documentation to support the preapprovals. As noted above, some preapprovals are handled orally with no documents related to these instances.</li> <li>• There were 5 instances where the reason for the overtime on the timecard was general information instead of an adequate explanation for working those hours.</li> </ul>			

**Internal Audit Report on Detailed Testing**

**Cullen & Danowski, LLP**

**Report dated August 24, 2022**

Findings and Recommendations	ESBOCES Response/Corrective Actions	Responsible Person(s)	Estimated Completion /Status
<p><b><u>Recommendations:</u></b></p> <p>We recommend that ESBOCES consider implementing the following items to further improve internal controls and operational efficiencies related to the overtime and hourly payments:</p> <ol style="list-style-type: none"> <li>3. Develop procedures to formally document the periodic reviews of the Overtime Reports performed by the administrators, which includes assessments regarding the employees who have earned a sizable amount of overtime pay during the period.</li> <li>4. Assess the use of compensatory time by considering the elimination of this option for the employees who work overtime and develop procedures to require all overtime to be paid to the staff after this work is performed. The managing of compensatory time requires more administrative oversight than processing overtime payments and impacts productivity because the staff end up with 1.5 or 2 hours off in the future for each hour of compensatory time. The administrators need to cover the workload of staff when they are out of the office when taking their compensatory time off.</li> <li>5. Establish procedures to reinforce the requirement that the overtime submitted by staff includes an adequate reason for working these hours rather than general descriptions.</li> </ol>	<p>Documented procedures will be developed to perform periodic reviews of overtime reports by administrators.</p> <p>Human Resources will assess the feasibility of eliminating compensatory time.</p> <p>An Overtime Preapproval procedure (4411P.14) and form (4411F.14) have been developed and implemented which requires that a detailed description of work performed be entered on the form as well as noted in WinCapWeb.</p>	<p>Tromblee/Stucchio</p> <p>Chris Cook</p> <p>Lipponer/Koral</p>	<p>June 2023</p> <p>June 2023</p> <p>Completed</p>