



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

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January 14, 2015

Mr. John Boyce
Board President
Massena Central School District
84 Nightengale Ave.
Massena, NY 13662

Report: SD-0915-02

Dear Mr. Boyce:

I am writing to transmit the final results of our recently completed audit of the Massena Central School District (District) use of the American Recovery and Reinvestment Act (ARRA) Race to the Top (RTTT) grant awarded for the July, 1 2013 – June 30, 2014 school year. The audit was conducted pursuant to the Commissioner of Education's authority under Section 305 of the Education Law. Our audit objectives were to verify the allowability and accuracy of amounts reported in the Final Expenditure Report in the ARRA Reporting System and to assess compliance with pertinent federal requirements for the use of these funds.

To accomplish our objectives, we reviewed applicable laws, regulations, policies and procedures; interviewed District and State Education Department (Department) management and staff; and examined records and supporting documentation.

The audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operational records and applying other procedures considered necessary. It also includes assessing the estimates, judgments, and decisions made by management. We believe that the audit provides a reasonable basis for our findings, conclusions, and recommendations.

The results of this audit have been discussed with District officials and their comments have been considered in preparing this report. The District's response to the draft report is included as Appendix A.



Audit Results

Allowability and Accuracy of Reported Expenditures

Unallowed Expenditures

For RTTT, districts submit an online budget to the Department for approval. The online budget delineates the anticipated costs by specific itemization of proposed project expenditures. After the budget is approved, districts request funds by submitting a claim (form FS-25, Request for Funds) which may only include actual expenditures to-date and could be up to 90 percent of the approved budget. Once the grant period has ended, districts file a Final Expenditure Report (FER) with the Department to receive the remaining unreimbursed expenditures.

The District submitted an FER that claimed the budgeted amount for Professional Salaries (\$11,763) rather than actual expenditures (\$10,270). This results in a disallowance of \$1,493. In addition, the District spent \$3,669 on travel expenditures for a staff member to attend an International Baccalaureate administrators' workshop in New Orleans. This expenditure was not approved as part of the budget and is therefore, also disallowed.

Procurement Controls

Typically, a district enters into contractual agreements with a service provider before services are delivered. The contract should clearly stipulate the amounts to be paid for the services provided and a timeframe for the deliverables. We found one instance where the District paid \$49,401 to the St. Lawrence-Lewis BOCES for Network Team services where professional services were provided without the use of a contract or Cooperative Service Agreement (COSER).

Compliance with Federal Grant Requirements

Section 1512 Reporting

New York State compiles ARRA data from each of its sub-recipients of ARRA awards and submits it to the federal government. Under Section 1512 of ARRA, recipients of ARRA funds must submit a quarterly report that describes, among other things, how the entity used those funds, including the estimate of the number of jobs created and the number of jobs retained.

The District did not submit their 1512 Quarterly Reports for the periods ending September 30, 2013 and December 31, 2013.

Recommendations

1. Report actual expenditures, rather than budgeted, on the appropriate lines of the FER.
2. Only claim expenditures approved by the Department as part of the budget or submit a budget amendment for approval.

3. Contact the Department's Race to the Top Program Office for instructions, referencing this report, and submit a revised Final Expenditure Report through the ARRA online management portal reflecting a reduction of \$5,162 for disallowed costs for RTTT. The Grants Finance Office will send Form FS-80, Notice of Overpayment to your District confirming the amount overpaid, and provide remittance instructions.
4. Ensure contracts are in place before procuring goods or services.
5. Submit quarterly reports for each quarter as required under Section 1512. Please note however, this is no longer a requirement as of February 1, 2014, making December 31, 2013, the last time recipients will report on the status of their awards.

Section 170.12 of the Regulations of the Commissioner of Education requires the submission of a Board approved corrective action plan, in response to all the findings, within ninety days of the issuance of this report. The corrective action plan should include the expected date of implementation, where appropriate.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Maria C. Guzman". The signature is fluid and cursive, with the first name being the most prominent.

Maria C. Guzman

Attachment

c: B. Berlin, S. Cates-Williams, K. Wagner, D. Juron, J. Delaney, M. Zollo, C. Szuberla, A. Timoney (DOB), J. Dougherty (OSC), W. Flynn (Interim Superintendent), N. Brouillette (Business Manager), T. Burns (DS St. Lawrence-Lewis BOCES)

Massena Central School District

84 Nightengale Avenue
Massena, New York 13662



INTERIM SUPERINTENDENT OF SCHOOLS

William H. Flynn

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December 16, 2014

Maria C. Guzman, Director
Office of Audit Services
The State Education Department
89 Washington Ave
Albany, NY 12234

RE: Report SD-0915-02

Dear Ms. Guzman,

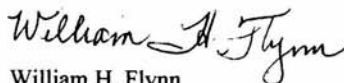
Please accept this memorandum of response to the draft audit report of Massena Central School District's use of the ARRA Race to the Top grant award for the 2013-14 school year.

Below are the district's responses and corrective actions to achieve each recommendation:

- 1.) The district agrees with this recommendation. There was an additional allotment that wasn't recorded in the financial management software. The district will more diligently track the grant allocations.
- 2.) The district agrees with this recommendation, but it wasn't a matter of claiming an unapproved item. The district always planned to utilize funds for travel expenses. The district chose the proper category of B-7, which essentially only professional development would qualify for, but inadvertently picked the 450 code instead of the 460. The district will have a second person review the grants to ensure this doesn't happen again.
- 3.) The district has contacted the Department's RTTT Program Office for instructions, referencing the draft report, and will submit a revised Final Expenditure Report through the online portal.
- 4.) The district will ensure contracts are in place before procuring goods or services; even with the local BOCES.
- 5.) The district will submit quarterly reports, should the requirement ever be required in the future.

Thank you for the recommendations and guidance; please do not hesitate to contact me with any questions or concerns.

Respectfully,



William H. Flynn
Interim Superintendent