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# Audit Report

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Glen Cove City School District  
Education Stabilization Fund Audit  
for the Period  
March 13, 2020 through September 30, 2023

ESF-0424-04

January 17, 2025

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The University of the State of New York  
THE STATE EDUCATION DEPARTMENT  
Office of Audit Services  
Albany, New York 12234





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New York State Education Department  
Office of Audit Services  
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Albany, New York 12234  
518 473-4516

January 17, 2025

Dr. Maria L. Rianna  
Superintendent of Schools  
Glen Cove City School District  
154 Dosoris Lane  
Glen Cove, NY 11542

Dear Dr. Rianna:

Enclosed is the final audit report (ESF-0424-04) corresponding to our audit of Glen Cove City School District. The objective of this audit was to determine if Education Stabilization Funds (ESF) received under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) were spent in accordance with award requirements and federal laws and regulations. This audit was conducted pursuant to Section 305 of the Education Law and the scope of the audit covered the period March 13, 2020 through September 30, 2023.

Within 90 days of the issuance of this report, we request school officials provide a written corrective action plan to the Office of Audit Services which details the specific steps that were taken by the Glen Cove City School District to implement the recommendations in the audit report.

We appreciate the cooperation and courtesies extended to NYSED staff during the audit. If you have any questions or require additional information, please contact Zubair Khan, Auditor-in-Charge (Zubair.Khan@nysed.gov).

Sincerely,

James Kampf  
Director, Office of Audit Services

#### Attachments

cc: Betty A. Rosa, Commissioner  
Jeffrey Matteson, Senior Deputy Commissioner for Education Policy  
Jason Harmon, Deputy Commissioner P-12 Operations  
Theresa Billington, Assistant Commissioner, Office of Accountability  
Erica Meaker, Director, Office of ESSA-Funded Programs

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## Executive Summary

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### **Objectives**

To determine if the Glen Cove City School District (District) Education Stabilization Fund (ESF) expenditures were reasonable, necessary, and allocable under the CARES and CRRSA Acts, and to assess their compliance with all applicable federal, state, and local laws and regulations. The audit covered the period from March 13, 2020 through September 30, 2023.

### **Background**

On March 27, 2020, Congress passed, and the President signed into law, the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act created an Education Stabilization Fund (ESF) to prevent, prepare for and respond to the coronavirus under which New York State has received:

- \$1.037 billion in Elementary and Secondary School Emergency Relief (ESSER) funds were to support the ability of local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact COVID-19 has had, and continues to have, on elementary and secondary schools across the nation. Pursuant to the terms of the CARES Act, allocations were calculated using the relative shares of grants awarded under Title I, Part A of the Elementary and Secondary Education Act (ESEA) for the most recent fiscal year (2019-20), and
- \$164.2 million in Governor's Emergency Education Relief (GEER) funds for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19. These funds were allocated to eligible school districts using the relative shares of grants awarded under Title I, Part A of the ESEA for the most recent fiscal year (2019-20).

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act). The CRRSA Act provides \$81.88 billion nationwide in a second Education Stabilization Fund to prevent, prepare for and respond to COVID-19, of which New York received:

- \$4 billion in Elementary and Secondary School Emergency Relief (ESSER II) funds to support the ability of local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact COVID-19 has had, and continues to have, on elementary and secondary schools across the nation; and
- \$322.9 million in Governor's Emergency Education Relief (GEER II) funds for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19, of which \$250.1 million is for an Emergency Assistance to Non-Public Schools (EANS) grant program.

The Glen Cove City School District was awarded \$812,168 in ESSER/GEER funds under the CARES Act and \$2,988,229 in ESSER II/GEER II funds under the CRRSA Act.

### ***Key Findings***

For the audit period March 13, 2020 through September 30, 2023, we found:

1. The District failed to ensure that the capital project contracts procured with federal funds contained the federal provisions required to be included in its contracts.
2. District officials did not properly monitor and account for the fixed assets that we tested and maintained incomplete and inaccurate records.
3. The District lacked adequate internal controls to ensure compliance with federal prevailing wage requirements (i.e., Davis-Bacon Act).

### ***Key Recommendations***

We recommend the District:

1. Review and update their procurement procedures to ensure all contracts under the federal award contain the applicable contract clauses required by 2 CFR §200.327 and Appendix II to Part 200.
2. Review and update the fixed asset policy to include all requirements of 2 CFR §200.313(d)(1) - Management Requirements, and ensure staff maintain a complete, accurate, and up-to-date fixed asset inventory in compliance with 2 CFR §200.313(d).
3. Develop written policies and procedures over federal grant funds used in construction projects to provide assurances that they are in compliance with prevailing wage requirements.

The results of our audit and recommendations have been discussed with District officials, and their comments, which appear in Appendix B, have been considered in preparing this report. District officials generally agreed with our recommendations and indicated they will take corrective action.

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## Introduction

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### **Background**

The Glen Cove City School District (District) is a public school district serving the residents of the City of Glen Cove, which is located in Nassau County on the North Shore of Long Island. The District is governed by the Board of Education (Board), which is composed of seven elected members and one student representative (non-voting member). The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

The District operates four elementary schools, one middle school, and one high school, which serve a student population of approximately 3,063<sup>1</sup>. The District adopted a budget of \$101.9 million<sup>2</sup> for the 2022-2023 fiscal year, funded primarily with revenues from real property taxes and State aid.

### **CARES Act**

On March 27, 2020, Congress passed, and the President signed into law, the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act created an Education Stabilization Fund (ESF) to prevent, prepare for and respond to the coronavirus, under which New York State has received:

- \$1.037 billion in Elementary and Secondary School Emergency Relief (ESSER) funds to support the ability of local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact that Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have, on elementary and secondary schools across the nation, and
- \$164.2 million in Governor's Emergency Education Relief (GEER) funds for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19.

### **CRRSA Act**

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act). The CRRSA Act provided \$81.88 billion nationwide in a second Education Stabilization Fund to prevent, prepare for and respond to COVID-19, of which New York received:

- \$4 billion in Elementary and Secondary School Emergency Relief (ESSER II) funds to support the ability of local educational agencies (LEAs), including charter schools that are LEAs, with emergency relief funds to address the impact COVID-19 has had, and continues to have, on elementary and secondary schools across the nation; and
- \$322.9 million in Governor's Emergency Education Relief (GEER II) funds for the

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<sup>1</sup> <https://data.nysed.gov/enrollment.php?year=2023&instid=800000049886>

<sup>2</sup> <https://www.glencoveschools.org/district1/board-of-education/budget-information>

purpose of providing educational agencies with emergency assistance to address the impact of COVID-19, of which \$250.1 million is for an Emergency Assistance to Non-Public Schools (EANS) grant program.

The Glen Cove City School District was awarded \$812,168 in ESSER/GEER funds under the CARES Act and \$2,988,229 in ESSER II/GEER II funds under the CRRSA Act.

The CARES Act funds the District received were used for summer learning programs to close learning gaps for the neediest students due to the pandemic, mental health services and supports, supplies and materials to ensure the health and safety of students and staff, and educational technology supplies and resources to maintain continuity of learning for students and teachers.

The CRSSA Act funds the District received were allocated to a capital project involving the Deasy Elementary School. Built in 1927, the Deasy Elementary School has had minimal improvements made during its long history and is not compliant with the Americans with Disability Act (ADA). The District used the grant funds to remove an outdated fire escape, increase instructional space by four classrooms and install an elevator to ensure ADA compliance.

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## Objectives, Scope, and Methodology

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The Office of Audit Services conducted an audit to determine if the Glen Cove City School District Education Stabilization Fund (ESF) expenditures were reasonable, necessary, and allocable under the CARES and CRRSA Acts, and to assess their compliance with all applicable federal, state, and local laws and regulations. The audit covered the period from March 13, 2020 through September 30, 2023.

To accomplish our objectives, we interviewed school officials, assessed financial controls, reviewed policies and procedures for procurement, processing revenues, expenditures, and payroll, examined documentation provided by school officials to support the financial transactions, reviewed relevant laws, and interviewed staff.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS), with the sole exception of an external peer review. Those procedures 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 objectives. In addition, GAGAS requires a review performed by a team of external peers, independent of the audit organization, at least once every three years. Due to recent changes in personnel and budget constraints, an external peer review was not conducted. We anticipate that an external peer review will be performed in the near future and believe that the lack of an external audit peer review has had no material effect on the assurances provided.



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## Audit Findings and Recommendations

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### 1. Capital Project Contracts

School districts were allowed flexibility in utilizing ESSER II funds, including addressing long-term infrastructure needs. In many cases, districts opted to use a portion of these funds for capital construction projects aimed at improving facilities. However, the use of ESSER II funds for capital projects required compliance with federal guidelines to ensure that the expenditures were reasonable, necessary, and directly related to preventing, preparing for, or responding to the pandemic.

In accordance with the Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) [§200.318](#) – *General procurement standards*, "The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in [§200.317](#) through [§200.327](#)." Additionally, in accordance with Uniform Guidance [§200.327](#) – *Contract provisions*, "The non-Federal entity's contracts must contain the applicable provisions described in [appendix II](#) to this part."

We reviewed the contracts of the vendors used for the Deasy Elementary School capital project and noted that the contracts did not contain the applicable provisions as required by [§200.327](#), which include, but are not limited to, the following:

- 1) Contracts for more than the simplified acquisition threshold must address administrative, contractual, or legal remedies in instances where contractors violate or breach contract terms and provide for such sanctions and penalties as appropriate.
- 2) All contracts in excess of \$10,000 must address termination for cause and for convenience by the non-federal entity including the manner by which it will be effected and the basis for settlement.
- 3) All contracts that meet the definition of "federally assisted construction" in 41 CFR Part 60-1.3 must include the equal opportunity clause provided under 41 CFR 60-1.4(b).
- 4) When required by federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-federal entities must include a provision for compliance with the Davis-Bacon Act.
- 5) All contracts awarded in excess of \$100,000 that involve the employment of mechanics or laborers must include a provision to compute the wages on the basis of a standard work week of 40 hours.

The District did not have procedures in place to ensure the capital project contracts procured with federal funds contained the federal provisions required by Uniform Guidance.

Without proper policies and procedures over federal funds, the District cannot provide assurances that they are in compliance with both federal and state laws and regulations.

**Recommendation:**

We recommend the District review and update their procurement procedures to ensure all contracts made under the federal award contain the applicable contract provisions required by 2 CFR §200.327 and Appendix II to Part 200.

## **2. Asset Management and Inventory**

School District officials routinely purchase supplies and equipment, and therefore, should have established policies and procedures on how inventory will be maintained and when the physical inventory will be completed.

In accordance with Uniform Guidance 2 CFR [§200.313\(d\)](#) - *Management requirements*, "Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
4. Adequate maintenance procedures must be developed to keep the property in good condition.
5. If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

In accordance with the District's *Accounting of Fixed Assets Policy (6645)*, "A property record will be maintained for each asset and will contain, where possible, the following information:

1. Date of acquisition;
2. Description;
3. Cost or value;
4. Location;
5. Asset type;
6. Estimated useful life;
7. Replacement cost;
8. Current value;
9. Salvage value;
10. Date and method of disposition; and
11. Responsible official."

There were a total of 1,000 Apple iPads listed on purchase order #202350, which were purchased using ESSER and GEER grant funding. We selected 100 iPads to test and noted:

1. The property records for all 100 iPads did not have the following descriptions required in 2 CFR §200.313(d)(1):
  - Funding source
  - Identification of the title holder
  - Percentage of federal participation in the project costs for the federal award under which property was acquired

- Condition
2. The property records for 12 iPads did not have the location description required in 2 CFR §200.313(d)(1).
  3. Thirteen iPads were recorded on the C-Biz Insurance Detail Report (i.e., physical inventory report) as of 6/30/2023, but were not recorded on the District's Asset Inventory spreadsheet as of 5/9/2024 or the disposal records from 2021-2023.
  4. Two iPads were recorded on the C-Biz Insurance Detail Report as of 6/30/2023 and listed as active on the District's Asset Inventory spreadsheet as of 5/9/2024. However, District personnel were unable to locate or present these iPads to the auditors upon request.
  5. One iPad was not recorded on the C-Biz Insurance Detail Report as of 6/30/2023, the District's Asset Internal spreadsheet as of 5/9/2024 or the disposal records from 2021-2023.

Furthermore, the District's *Accounting for Fixed Assets Policy* (Code 6645) is not in compliance with Uniform Guidance 2 CFR §200.313(d)(1) as it is missing the requirements for:

- Serial number or other identification number
- Source of funding
- Identification of the title holder
- Percentage of federal participation in the project costs for the federal award under which property was acquired
- Condition

District officials did not properly monitor and account for the fixed assets that we tested and maintained incomplete and inaccurate records.

By not complying with Uniform Guidance or their own fixed asset policy, the District has an increased risk that their fixed assets could be lost, stolen, or misused. Even with a physical inventory performed, the missing information on the District's Asset Inventory Report prevents staff from specifically identifying each asset. Therefore, officials cannot ensure that all assets purchased remain in the District's custody.

**Recommendation:**

We recommend the District:

1. Review and update their fixed asset policy to include all the requirements from 2 CFR §200.313(d)(1) - *Management requirements*.
2. Ensure staff maintain a complete, accurate and up-to-date fixed asset inventory in compliance with 2 CFR §200.313(d) - *Management requirements*.

### **3. Prevailing Wage**

When non-Federal entities use federal funds for capital construction projects, one of the federal provisions they must comply with is the Davis-Bacon Act, which requires paying workers prevailing wages set by the U.S. Department of Labor.

Uniform Guidance [Appendix II to Part 200](#) - *Contract Provisions for Non-Federal Entity Contracts Under Federal Awards* states, "contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week."

The Davis-Bacon Act establishes prevailing wage requirements and applies to most federally funded construction projects that exceed \$2,000. The Act requires contractors to pay federally prescribed prevailing wages to laborers. To document compliance, subrecipients of federal funds must obtain certified payrolls for all contractors and subcontractors on a weekly basis.

The District was awarded \$2,988,229 in ESSER II and GEER II grant funds, which were fully allocated to Deasy Elementary School for infrastructure improvements to remove an outdated fire escape, increase instructional space by four classrooms and make the school ADA compliant by installing a new elevator.

We reviewed 47 wage payments made to a vendor for the elevator project to ensure workers were paid at least the required prevailing wage rate for this specialty/craft. We noted two instances where the wages paid did not meet the minimum prevailing wage limit by a minimal amount.

The District was unaware of the monitoring requirements over project managers overseeing the capital projects and thereby did not ensure compliance with federal prevailing wage requirements (Davis-Bacon Act).

Without proper policies and procedures in place for construction projects that use federal grant funds, the District cannot ensure contractors paid their workers the correct prevailing wage. The District could be liable for paying additional wages if the prevailing wage was not paid.

#### **Recommendation:**

We recommend the District develop written policies and procedures over federal grant funds used in construction projects to provide assurances that they are in compliance with prevailing wage requirements.

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## Contributors to the Report

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- James Kampf, Director of Audit Services
- Jeanne Day, Audit Manager
- Zubair Khan, Auditor-in-Charge
- Jorel Johnson, Staff Auditor
- Valli Ragavan, Staff Auditor
- Thomas Burns, Staff Auditor
- Julianne DiBari, Staff Auditor

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**Corrective Action Plan  
Related to:  
Education Stabilization Fund Audit  
For the Period  
March 13, 2020 through September 30, 2023**

**Finding 1: Capital Project Contracts**

The District did not have procedures in place to ensure the capital project contracts procured with federal funds contained the federal provisions required by Uniform Guidance.

**Recommendation:**

The District should review and update their procurement procedures to ensure all contracts under the federal award contain the applicable contract provisions required by federal regulations.

**District Response:**

The District's internal auditors will provide the district's policy committee with a policy that contains contract clauses required by 2CFR 200.327 that can be used to satisfy this recommendation. This Policy will be adopted by June 30, 2025.

**Finding 2: Asset Management and Inventory**

District Officials did not properly monitor and account for the fixed assets that we tested and maintained incomplete and inaccurate records.

**Recommendation:**

The District should ensure that a complete, accurate, and up-to-date fixed asset inventory is maintained by staff.

**District Response:**

Effective immediately, the Informational Technology Coordinator will continue to work on an up-to-date fixed asset inventory. The District has hired BOCES to assist with this process. The Assistant Superintendent for Business will also have the District's internal auditors provide the district with a fixed asset policy that includes all the required information.

**Finding 3: Prevailing Wages:**

The District was unaware of the monitoring requirements over project managers overseeing the capital projects and thereby did not ensure compliance with federal prevailing wage requirements. Without proper policies and procedures in place for construction projects that use federal grant funds, the District cannot ensure contractors paid their workers the correct prevailing wage.

**Recommendation:**

The district should develop written policies and procedures over federal grant funds used in construction projects to provide assurances that they are in compliance with prevailing wage requirements.

**District Response:**

The Assistant Superintendent for Business will work with the district's internal auditors to develop written procedures over federal funds used in construction projects to ensure that the contractors are in compliance with prevailing wage requirements and their workers are paid the accurate wages. These procedures will be effective immediately.