
Audit Report

Buffalo City School District
EPE Program

For the Period

July 1, 2014 through June 30, 2015

EPE-0116-01

December 5, 2016

The University of the State of New York
THE STATE EDUCATION DEPARTMENT
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December 5, 2016

Dr. Barbara Seals Nevergold
Board President
Buffalo Public Schools
712 City Hall
Buffalo, NY 14202

Dear Dr. Seals Nevergold:

Enclosed is the final report (EFO 16901) for the audit of the Buffalo City School District Employment Preparation Education program, for the period July 1, 2014 through June 30, 2015. The audit was conducted pursuant to Section 305 of the Education Law in pursuit of Goal #5 of the

Comments of District Officials

District officials' comments about the findings and conclusions were considered in preparing this report. Their response is included as Appendix B.

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Introduction

Background

In 1984, the New York State Legislature enacted the Employment Preparation Education (EPE) program to provide State aid to public schools to support adult education programs. This enabled districts to obtain funding to provide educational programs to adults leading to a high school diploma or equivalency diploma. Eligible students must be 21 years of age or older and without a high school diploma or equivalency. Students that have earned a high school diploma or equivalent, but fail to demonstrate basic educational competencies by testing below certain grade levels are also eligible.

EPE aid generated is based on student contact hours reported in the Adult Student Information System and Technical Support (ASISTS) database and the approved EPE rate. A contact hour is defined as 60 minutes of instruction given by a certified teacher for each student. For example, if a teacher has 10 students in a class for an hour, 10 contact hours would be generated. However, EPE aid generated by the district cannot exceed the amount of expenses incurred in operating the EPE program. Thus, EPE aid cannot be used to fund other district costs.

Audit Scope, Objectives, and Methodology

The New York State Education Department's (Department) Office of Audit Services conducted an audit of the EPE program at the Buffalo City School District (District). We examined financial records and documentation to support the number of contact hours and expenditures claimed for the period July 1, 2014 through June 30, 2015. This was a financial audit and our objectives were to verify the accuracy and appropriateness of the reported revenues and expenditures generated by the EPE program.

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

We conducted our audit in accordance with modified Generally Accepted Government Auditing Standards (GAGAS). GAGAS

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 objectives. We believe that evidence obtained provides 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 every three years. Because of recent changes in administrative personnel, however, an external peer review was inadvertently not conducted. An internal "Red Book" review pursuant to the International Standards for the Professional Practice of Internal Auditing Standards was conducted. It is contemplated that both an updated internal review and external peer review will be performed within the next year. We feel that not having an external audit peer review has had no material effect on the assurances provided.

Comments of District Officials

District officials' comments about the findings and conclusions were considered in preparing this report. Their response is included as Appendix B.

Contact Hours and Student Folders

Districts generate EPE aid by reporting contact hours and student enrollment to the Department. Contact hours are allowable for classroom instruction as well as for intake and assessment. The Commissioner's Regulations (Regulations) and the EPE Manual (Manual) establish requirements for documentation to support the allowability of contact hours.

We selected two statistical samples for projection purposes, one for intake and the other for classroom instruction. We found unsupported contact hours due to blocks of contact hours claimed for intake, undocumented intake activities, and simple miscalculations. We also found that some individual student record forms (ISRFs) were not available and some were not completely filled out. As a result of our analysis, a total of 297 contact hours are unsupported among the intake and classroom instruction samples.

Intake Process

The Manual states that in order to generate EPE state aid, students must go through an intake process that includes standardized assessment, the completion of an ISRF, the development of Education and Employment Preparation Plans (EEP), and any testing as appropriate, to assist the teacher developing an educational plan for the student. This activity generates EPE aid as long as it is provided by a certified teacher. It is important that each hour spent by the student in the intake process is documented. It is not sufficient to identify a block of time as a standard period (e.g. for standard intake assessment block) in recording student's attendance. The evaluation and intake assessment process generally takes from two to six hours depending on the student's needs and the type of program.

Students in intake activities are tested for placement using, either the Best Plus Literacy test, or the Test of Adult Basic Education (TABE). The Best Plus Literacy test is administered to determine the level of English proficiency. The TABE is a battery of tests that determines the reading and math grade level of students that wish to be placed in a general education degree program

Our review of intake records found blocks of hours were claimed for 34 of the 42 students selected in ~~our~~ for a total of 216 contact hours. The District's process for intake is that most incoming students start the intake process at the same time. Students finish the intake process at various times, but the District recorded the same departure time for ~~one~~ students. We recalculated intake contact hours allowing one contact hour for the Best Plus Literacy test and four contact hours for the TABE test. Using this methodology, we determined the District had support for 136 out of the 216 contact hours ~~claim~~ the 34 students for intake. This resulted in 80 unsupported contact hours.

Blocks of contact hours were claimed for students in the intake process because teachers did not follow the Manual by documenting the actual time students spent in intake ~~activities~~. By claiming blocks of contact hours for the EPE intake process, instead of documenting the actual time, the District

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Table 1

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be dated and include the student's name, attendance
including dates and times, the student's date of birth, and the
student's diploma status.

We requested send the folders including ISRs to dir(ude)4(ntl)-2(n)-2(n)-12(

Expenditures

have been allocated based on the percentage of EPE versus non-EPE students. This resulted in \$2,335 being disallowed.

The District claimed \$7,926 for high speed internet services for the Herkimer Building and the Workforce Training Center. The purchase order included both EPE sites and provided a cost for each building. Therefore, we allocated the cost based on the cost per unit ratio noted in the purchase order. The ratio for the Workforce Training Center is 53 percent and 47 percent for the Herkimer Building. Again, the students who attended classes in the Herkimer building were entirely EPE eligible, but not the students who attended classes in the Workforce Training Center. We determined that \$4,201 would have been allocated to the Workforce Training Center if all the students attending classes there were EPE eligible. We reallocated this amount based on the percentage of EPE eligible students (26 percent) to non-EPE eligible students. We determined that the Workforce Training Center should have been allocated \$1,092 based on the percentage of EPE versus non-EPE students resulting in \$3,109 disallowance.

The District claimed telephone and internet access charges for the Workforce Training Center. They indicated that they were unaware of the very low percentage of EPE eligible students for that particular work site and did not consider allocating the costs. Since these costs were not prorated across EPE and non-EPE eligible students, the District's claim was overstated by \$5,444 for telephone and internet access charges.

Tuition Revenues

The Manual states that tuition can be charged to students in EPE programs. It also requires that EPE funds only be spent on EPE program costs. Therefore, revenues received from students in EPE programs for tuition should be accounted for properly by isolating these funds so they may be spent on EPE program costs.

Education Law states that public funds apportioned to a city by the State and all funds raised or collected by a city for school purposes shall be paid into the treasury of the city and be credited to the board of education. The funds received into the treasury shall be separate and distinct from any other funds received into the treasury.

Sample Results

Education Law governing EPE does not allow programs to receive more EPE Aid in a fiscal year than expended.

from contact hours, \$5,444 in unallocated costs is disallowed, as shown in Table 2 below.

Table 2
Summary of Audit Results

Recommendations

8. Repay \$5,444 in unallowable EPE aid. The Department's State Aid Unit will use the disallowed amount in the final audit report to recover the EMC /P </MCID 16 8(n i)-2(r)-7(ont)undi -

Appendix A

Buffalo City School District Contributors to the Report

- T. Stewart Hubbard III, Audit Manager
- James Schelker, Associate Auditor
- Mark Finlayson, Senior Auditor