
Audit Report

Guilderland Central School District
Education Stabilization Fund Audit
for the Period
March 13, 2020 through September 30, 2022

ESF-0123-01

July 10, 2023

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





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

New York State Education Department
Office of Audit Services
89 Washington Avenue, EB 524
Albany, New York 12234
518 473-4516

July 10, 2023

Dr. Marie Wiles
Guilderland Central School District
8 School Road, P.O. Box 18
Guilderland Center, NY 12085

Dear Dr. Wiles:

Enclosed is the final audit report (ESF-0123-01) corresponding to our audit of Guilderland Central School District for the period March 13, 2020 through September 30, 2022. 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) were spent in accordance with award requirements and federal 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, 2022.

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 Guilderland Central 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
Sharon Cates-Williams, Executive Deputy Commissioner
Jason Harmon, Deputy Commissioner P-12 Operations
Theresa Billington, Assistant Commissioner, Office of Accountability
Erica Meaker, Director, Office of ESSA-Funded Program

Executive Summary

Objectives

To determine if the Guilderland Central School District's (District) Education Stabilization Fund (ESF) expenditures were reasonable, necessary, and allocable under the CARES Act 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, 2022.

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. The Guilderland Central School District was awarded \$165,084 in ESSER funds and \$28,364 in GEER funds.

Key Findings

For the audit period March 13, 2020 through September 30, 2022, we found:

1. The District did not have written policies and procedures regarding the new hire process, including documentation to be maintained in the employee's personnel file and the corresponding retention period based on federal and state regulations.
2. The District's procedures over the reporting of grant expenditures lacked sufficient procedural steps to ensure final expenditure reports (FS-10-F) were free from error.
3. The District's payroll reconciliation procedures for summer hours were insufficient to detect errors and should include an independent verification prior to the Superintendent's certification.
4. The District did not ensure that purchases were made in accordance with its own policies and procedures regarding the procurement process and failed to maintain the required documentation.
5. The District did not comply with its policies and procedures for two (2) sole source procurements totaling \$12,413.
6. The District lacked detailed written policies and procedures for federal grants which provide reasonable assurance that the salaries and wages charged to the federal grant funds were based on time and effort records that accurately reflect the work performed.

Key Recommendations

We recommend the District:

1. Develop written policies and procedures for the new hire process, including a list of all required documentation to be maintained and a corresponding retention schedule based on federal and state laws and regulations.
2. Update its written policies and procedures over federal grants as necessary to ensure future charges to federal grants are reported accurately.
3. Implement certain mitigating controls over the payroll process, including having someone independent of the payroll preparation process compare payroll source documents to payrolls to verify employees are paid correctly.
4. Update its current procurement policy as appropriate to ensure the required quotes and justifications are obtained, including written documentation of verbal quotes, and maintained with the applicable purchasing documents prior to issuing a purchase order.
5. Follow their purchasing policy and adequately document all purchase decisions, including the justification for using sole source vendors and the reasons why solicitation of proposals or quotes is not in the District's best interest.
6. Develop written policies and procedures over federal funds to provide assurances that salaries and wages charged to federal grants are based on records that accurately reflect the work performed.

Table of Contents

Introduction.....	1
Objectives, Scope Methodology.....	2
Audit Findings and Recommendations.....	3
Employee Personnel File.....	3
Sign-in Sheets.....	5
Payroll.....	6
Procurement.....	7
Sole Source Procurement.....	8
Summer Curriculum Documentation.....	9
Appendix A – Contributors to the Report	
Appendix B – Audit Response from Guilderland Central School District	

Introduction

Background

The Guilderland Central School District was adopted by the Board of Education and approved by the Commissioner of Education of the State of New York on March 22, 1973, pursuant to the provisions of Chapter 429 of the Laws of 1972. The District is located within Albany County and includes the Towns of Guilderland, Knox, New Scotland and Bethlehem.

The District is governed by the Board of Education (Board), which is composed of nine elected members. The Board is responsible for the general management and control of the District's financial and educational matters. The Superintendent is responsible, along with other administrative staff, for the day-to-day management of the District under the direction of the Board.

In the 2021-22 school year, the District had approximately 4,841 students and 856 employees.¹ They operate five elementary schools, one middle school and one high school. The District adopted a budget of \$109.8 million for the 2022-23 school year and was funded primarily with state aid and real property taxes.

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.

The Guilderland Central School District was awarded \$165,084 in ESSER funds and \$28,364 in GEER funds, respectively. The District used these funds 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.

¹ National Center for Education Statistics, Guilderland Central School District (2021-2022 school year)
https://nces.ed.gov/ced/districtsearch/district_detail.asp?ID2=3613080

Objectives, Scope, and Methodology

The Office of Audit Services conducted an audit to determine if the Guilderland Central School District's Education Stabilization Fund (ESF) expenditures were reasonable, necessary, and allocable under the CARES Act 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, 2022.

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.

Audit Findings and Recommendations

1. *Employee Personnel File*

When teachers are hired, both the District and the new employee are required to complete a considerable amount of paperwork (e.g., tax withholding forms, health insurance and retirement enrollment forms, direct deposit forms, clearance for employment forms), which is then retained in the new employee's personnel file for a defined period of time. Districts should have established procedures for the new hire process, including the specific documentation that is to be maintained in the employee's personnel file and a corresponding retention schedule.

The *Retention and Disposition Schedule for New York Local Government Records* (LGS-1) indicates the minimum length of time that local government officials must retain their records before they may be disposed of legally. In accordance with *Personnel Records of Local Government Employees* (Schedule item 636), "Personnel case file materials for teachers, except summary information record, and including but not limited to application for employment, resume, results of criminal background check, report of personnel change, evaluation, civil service examination results, notice of resignation or termination, observation and site visit records (as part of the annual professional performance review (APPR)), and correspondence" are required to be maintained until seven years after the termination of employment.

To determine if the District was in compliance with the applicable record retention schedules for its employee files, we reviewed the personnel files of 18 employees who were reported on the FS-10-F, *Final Expenditure Report for a Federal or State Project*, which was submitted to the Department as a final accounting of the District's ESSER and GEER expenditures. We found the following missing from the files:

- Two personnel files did not contain the District-provided payroll election form that new employees complete if they elect to be paid on a 26-pay period option, rather than over 21-pay periods per terms of the collective bargaining agreement;
- One personnel file was missing a direct deposit form;
- One personnel file was missing federal and state withholding forms.

The District did not have written policies and procedures regarding the new hire process, including documentation to be maintained in the employee's personnel file or the corresponding retention period based on federal and state regulations.

Without written policies and procedures regarding the new hire process and required documentation to be maintained, the District cannot ensure they are in compliance with federal and state laws and regulations.

Recommendation 1:

We recommend the District develop written policies and procedures for the new hire process, including a list of all required documentation to be maintained and a corresponding retention schedule based on federal and state laws and regulations.

2. Sign-in Sheets

When a teacher works on an approved assignment over the summer, the teacher is required to complete a Summer Curriculum Work sign-in sheet attesting to working on a specific date. The sign-in sheet is then approved by the teacher's supervisor and the Curriculum Office, who then forwards it to the Payroll Office for processing and payment.

In accordance with Uniform Guidance, 2 CFR 200.430(i) - *Standards for Documentation of Personnel Expenses*, "Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the non-Federal entity;
- Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities..."

We selected a sample of 18 teachers and compared the dates on the teachers' sign-in sheets to the dates reported on the FS-10-F to verify the salary paid to the employee was correct based on the number of days worked.

For 12 of the 18 employees in our sample, we noted that the dates on the FS-10-F did not always correspond to the dates on the teachers' sign-in sheets, resulting in reporting errors. However, each teacher was paid by the District for the correct number of days and the salary expense was correctly reported on the FS-10-F.

The District's procedures over the reporting of grant expenditures lacked sufficient procedural steps to ensure final expenditure reports (FS-10-F) were free from error.

Without sufficient procedures to document charges to federal grants, the District cannot provide assurances that the charges to federal grants are accurate, allowable, and properly allocated.

Recommendation 2:

We recommend the District review its written policies and procedures over federal grants and update them as necessary to ensure future charges to federal grants are reported accurately.

3. Payroll

The District is responsible for ensuring there are adequate procedures in place to accurately compensate employees for work performed. An effective payroll system can provide assurance that employees are paid in accordance with collective bargaining agreements, and the payroll records are accurately recorded and authorized by management.

In accordance with Uniform Guidance, 2 CFR 200.430(i) - *Standards for Documentation of Personnel Expenses*, "Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the non-Federal entity;
- Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities...".

We examined the payroll records of 18 teachers who were reported on the FS-10-F to verify if their compensation had been calculated correctly. We compared the time sheet hours to the payroll registers and noted that one teacher's sign-in sheet hours did not match the hours reported in the payroll register, resulting in the teacher being underpaid by a nominal amount.

While the District used the correct daily rate per the collective bargaining agreement, the District's payroll reconciliation procedures for summer hours were insufficient to detect errors. Specifically, the District's procedures failed to include a procedural step to ensure the total time calculated on the Summer Curriculum Work sign-in sheets matched the Summer Curriculum Payroll. Additionally, no one reviewed the source documents (e.g., sign-in sheets) to verify whether the payroll clerk accurately processed payrolls prior to the Superintendent certifying the payroll.

Without written procedures for payroll reconciliation and verification, there is an increased risk for payroll errors to go undetected.

Recommendation 3:

We recommend implementing certain mitigating controls over the payroll process, including having someone independent of the payroll preparation process compare payroll source documents to payrolls to verify employees are paid correctly.

4. Procurement

Districts are required to adopt written policies and procedures governing all purchases over goods and services. An effective procurement policy ensures that officials seek competition and purchase goods and services of desired quantity and quality at the lowest cost, particularly if federal funds are used.

In accordance with Uniform Guidance, 2 CFR 200.324(a) - *Contract cost and price*, "The non-Federal entity must perform a cost or price analysis in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals."

Per the *Purchasing Exhibit Quote Tree* provided to the auditors by the District, purchase contracts between \$1,500 - \$5,000 require two verbal quotes and purchase contracts between \$5,001 - \$10,000 require two to three written quotes.

We examined 13 purchases reported on the FS-10-F for compliance with the District's policies and procedures and determined:

- Six purchases lacked evidence of a competition and cost analysis to ensure they were obtained for the best price and value.
- One purchase contract between \$1,500 - \$5,000 did not have documentation of obtaining two verbal quotes.
- One purchase contract between \$5,001 - \$10,000 did not have documentation of obtaining two to three written quotes.

The District did not follow its own policies and procedures regarding the procurement process and failed to maintain the required documentation.

When the District is not ensuring competition is solicited and properly documented, the District cannot provide assurance that goods and services were purchased in the most prudent and economical manner.

Recommendation 4:

We recommend the District review its current procurement policy and update it as appropriate to ensure the required quotes and justifications are obtained, including written documentation of verbal quotes, prior to issuing a purchase order. Additionally, the District should communicate the procurement policy for securing price quotes with department heads to ensure they comply with the policy.

5. Sole Source Procurement

The District's procurement policy states, "When there is only one possible source from which to procure goods or services required in the public interest, the District will maintain written documentation of the unique benefits of the item or service purchased as compared to other items or services available in the marketplace; that no other item or service provides substantially equivalent or similar benefits; and that, considering the benefits received, the cost of the item or service is reasonable, when compared to conventional methods. In addition, the documentation will provide that there is no possibility of competition for the procurement of the goods."

We examined a judgmental sample of 13 purchasing transactions reported on the FS-10-F, of which two were sole source purchases, to ensure the purchases complied with written policies and procedures.

We determined that the District did not comply with its policies and procedures for the two sole source procurements totaling \$12,413. The two procurements lacked justification, including:

- Why the item/service was unique;
- How it was determined that there was only one source for the item/service;
- The basis upon which the price/cost was determined to be fair and reasonable.

Because District officials did not maintain written documentation or justification of their sole source procurement, they cannot provide adequate assurance that all goods and services were procured in a manner to ensure the most prudent and economical use of public money at the lowest possible cost.

Recommendation 5:

District officials should follow their purchasing policy and adequately document all purchase decisions, including the justification for using sole source vendors and the reasons why solicitation of proposals or quotes is not in the District's best interest. Additionally, the District should communicate the procurement policy for single-source purchasing with department heads to ensure they comply with the policy.

6. Summer Curriculum Documentation

In accordance with Uniform Guidance, 2 CFR 200.430(i)(1) - *Standards for Documentation of Personnel Expenses*, “Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- Be incorporated into the official records of the non-Federal entity;
- Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity...”.

In addition to ensuring the records accurately reflect the work performed, recipients also must ensure the appropriateness of charging the expenditure to their education stabilization funds by determining:

- Does this expenditure prevent, prepare for, and respond to the Coronavirus?
- Does this expenditure occur on or after March 13, 2020?

We examined the *Summer Curriculum Work* sign-in sheets provided by the District as a record of the work performed. While the dates on the sign-in sheets of the work performed were within the allowable timeframe, we found the District lacked supporting justification in regard to how the work performed addressed the impact of the COVID-19 pandemic. At a minimum, the justification should include the need for the expenditure, how the use of the federal funds will address the need, and how the expenditure prevents, prepares for, or responds to the Coronavirus.

The District lacked detailed written policies and procedures over federal grant funds to provide assurances that the charges for salaries and wages to the federal grant funds accurately reflect the work performed.

Without proper policies and procedures over federal funds, there is an increased risk that future costs charged to federal funds could be questioned due to a lack of assurance.

Recommendation 6:

We recommend the District develop written policies and procedures over federal funds to provide assurances that salaries and wages charged to federal grants are based on records that accurately reflect the work performed.

Contributors to the Report

- Jeanne Day, Audit Manager
- Zubair Khan, Auditor-in-Charge
- Jorel Johnson, Staff Auditor
- Anic Sawadogo, Staff Auditor

Guiderland Central School District

www.guiderlandschools.org

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June 16, 2023

Mr. James Kampf
 Director
 Office of Audit Services
 New York State Education Department

Dear Mr. Kampf,

The Guiderland Central School District has received and reviewed the draft Education Stabilization Fund Audit for the Period March 13, 2020 through September 30, 2022 conducted by the New York State Education Department.

The purpose of the audit was to determine if Education Stabilization Funds (ESF) the district received through the Coronavirus Aid, Relief and Economic Security Act (CARES Act) were spent in accordance with award requirements and federal regulations. The CARES Act was passed in the early days of the Covid-19 pandemic and provided essential resources to school districts during that unprecedented challenge.

We greatly appreciate the recommendations made in your audit and would like to share the following responses to the audit recommendations

- 1. We recommend the District develop written policies and procedures for the new hire process, including a list of all required documentation to be maintained and a corresponding retention schedule based on federal and state laws and regulations.**

SED Comment #1

The District has written policies for onboarding new hires that includes a listing of all required documentation. When hiring new employees, the district follows an official protocol to ensure that all necessary forms are completed. This protocol is a “living document” that is regularly updated to reflect federal and state laws and regulations. The District is currently transitioning to an all-online records storage system that will store files electronically. This will help ensure that all records are completed and readily accessible.

- 2. We recommend the District review its written policies and procedures over federal grants and update them as necessary to ensure future charges to federal grants are reported accurately**

The District has written policies and procedures covering federal grants; additional language will be added to these procedures that will include steps to make sure that dates reported on the FS10-F correspond to the dates on the teachers’ sign-in sheets.

- 3. We recommend implementing certain mitigating controls over the payroll process, including having someone independent of the payroll preparation process compare payroll source documents to payrolls to verify employees are paid correctly.**

The District will add to its procedures steps to further secure payroll by making sure that hours recorded in payroll source documents agree with actual hours recorded in payroll vouchers from which employees are paid. An employee independent from the payroll process will verify that the payroll source documentation agrees with the hours and amount paid in the payroll register.

- 4. We recommend the District review its current procurement policy and update it as appropriate to ensure the required quotes and justifications are obtained, including written documentation of verbal quotes, prior to entering a purchase order. Additionally, the District should communicate the procurement policy for securing price quotes with department heads to ensure they comply with the policy.**

The District has a written procurement policy in its Board policies that can be accessed online by employees. Going forward the District will send out an email in the beginning year outlining the District's purchasing guidelines to all requisitioners and department supervisors.

- 5. District officials should follow their purchasing policy and adequately document all purchase decisions, including the justification for using sole source vendors and the reasons why solicitation of proposals or quotes is not in the District's best interest. Additionally, the District should communicate the procurement policy for single-source purchasing with department heads to ensure they comply with the policy.**

The District will include in its purchasing guidelines that it sends to all requisitioners and department supervisors a reference to the purchasing policy manual addressing how to document purchases from a sole source. This communication will emphasize the need to document the rationale for using a sole source and the unique benefits of the item or service purchased as compared to other items or services available in the marketplace.

- 6. We recommend the District develop written policies and procedures over federal funds to provide assurances that the payroll charges to federal grants are reasonable, allowable, and properly allocated.** SED Comment #2

The District does have written policies for federal funds that assure that payroll charges to federal funds are allowable, reasonable and accurate. For all Title, IDEA, and CRRSA and ARP grants, the District requires employee certifications that state the activity, allocation of salary, and assigned federal fund. Following OSC guidance, the initial CARES 1 funding was earmarked for the general fund. The district used CARES I funding for summer tutoring and transition work and in communications with the New York State Grants Division the district was informed payroll certification procedures would not be required for CARES 1 funding.

For the CRRSA and ARP funds the District has followed Uniform Guidance 2 CFR 200.430(i) and has obtained payroll certifications for summer payroll that provide assurance that salaries and wages were charged correctly to these federal grants. The District is reviewing existing policies to ensure they are in compliance with the Uniform Guidance.

Mr. James Kampf

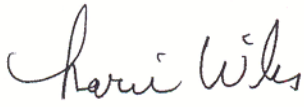
June 16, 2023

Page 3 of 3

The CARES Act provided critical support to New York State and its school districts during a profound health, social, and economic crisis. We thank the audit team for their suggestions. The District is committed to prudent stewardship of financial resources in the service of fulfilling our mission of empowering all students to succeed in the 21st Century.

Finally, the School District greatly appreciates the courtesy and professionalism the field audit team demonstrated throughout the audit process.

Sincerely,

A handwritten signature in cursive script that reads "Marie Wiles".

Marie Wiles, Ph.D.

Superintendent of Schools
Guilderland School District

SED Comments to Audit Response

1. We had requested the Districts on-boarding procedures during our payroll interview on January 24, 2023. It was noted that the current on-boarding procedures were outdated, and the updated procedures were being updated. We received the updated on-boarding procedures on 06/15/2023.
2. The time/activity reports provided by the District had ten (10) summer curriculum's allocated to CARES grant funds. The District was only able to provide a description for three (3) of the summer curriculum's to justify how they addressed the impact of the COVID -19 pandemic.