
Audit Report

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

ESF-0523-04

November 3, 2025

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



Executive Summary

Objectives

To determine if the Plattsburgh City School District (District) Education Stabilization Fund (ESF) expenditures were reasonable, necessary, and allocable under the Coronavirus Aid, Relief, and Economic Security (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, under which NYSED 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).¹

The Plattsburgh City School District was awarded \$528,894 in Elementary and Secondary School Emergency Relief (ESSER I) funds and \$89,639 in Governor's Emergency Education Relief (GEER I) funds, for a combined total of \$618,533².

Key Findings

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

1. The District lacked comprehensive and detailed procedures that provided sufficient guidance for personnel to complete tasks associated with, but not limited to, human resources, payroll, and grants management on a daily or regular basis.
2. The District Treasurer also functioned as the Interim Purchasing Agent during the 2021-22 school year without additional compensating controls being established by District officials or the Board.

¹ Coronavirus Aid, Relief, and Economic Security (CARES) Act. *New York State Education Department*. nd. Accessed December 2024. <https://www.nysed.gov/federal-education-covid-response-funding/coronavirus-aid-relief-and-economic-security-cares-act>.

² LEA Cares ACT Spending – January 25, 2023. *New York State Education Department*. nd. Accessed December 2024. <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.nysed.gov%2Fsites%2Fdefault%2Ffiles%2Fprograms%2Ffederal-education-covid-response-funding%2Fcares-lea-spending-01-25-23.xlsx&wdOrigin=BROWSELINK>

3. The District lacked documentation that competition was sought, and goods and services were purchased at the lowest cost or in the most economical manner before purchases were made. Additionally, when competition was not required, the District lacked written justification why the purchases provided the District with the best value when compared to other items or services, and that there was no possibility of competition.
4. District officials charged the ESSER grant for prepaid software licensing costs that extended for a period of 22 months beyond the performance period of the grant resulting in questioned costs of \$7,742.
5. Some employee personnel files were incomplete or missing required documents and the District did not have established procedures to conduct periodic reviews of personnel files to ensure the required documents were maintained.
6. The District's payroll process does not require exempt employees to complete a time record certifying their hours worked or require their time record be reviewed and approved by the exempt employee's supervisor before payroll is processed.
7. The District's inventory records did not include all purchases or record the disposition of computer equipment. Additionally, the School Business Official did not arrange for an independent contracted firm to conduct an onsite inventory and appraisal of the District's property, equipment, and material at least once every twenty-four months in accordance with their policies. District officials could not locate five laptops resulting in questioned costs of \$1,875.

Key Recommendations

We recommend District officials:

1. Develop comprehensive, detailed procedures that provide sufficient guidance for personnel to complete the tasks associated with, but not limited to, human resources, payroll, and grants management, including all required documentation to be maintained and a corresponding retention schedule based on federal and state laws and regulations.
2. Develop policies and procedures that include sufficient compensating controls, such as additional supervisory or other oversight procedures, to address the risks caused when segregation of incompatible duties is not possible.
3. Review their purchasing policies and procedures and make the necessary updates to ensure competition is sought for every applicable purchase and the required documentation is maintained in the procurement record.
4. Provide training to Business Office staff regarding the District's policy for "Exceptions to Competitive Bidding Requirements" when purchasing goods and services to ensure the purchases are made at the lowest possible costs, competition by informal solicitation of quotes or otherwise to the extent practical under the circumstances is sought, and the required documentation is maintained in the procurement record.
5. Conduct periodic reviews of all personnel files to ensure required documentation is completed and maintained on file.
6. Strengthen internal controls over time and attendance by establishing procedures for salaried employees to certify their attendance and leave activity for each bi-weekly pay period, with supervisory review and approval prior to payment.
7. Maintain a complete, accurate and up-to-date fixed asset inventory system that includes the tracking of the disposition of assets and ensure a physical inventory of the property is taken and the results reconciled with the property records at least once every two years in compliance with Uniform Guidance (i.e., 2 CFR §200.313).

8. Contact the Department's Office of ESSA-Funded Programs for instructions, referencing this report, and submit a revised Final Expenditure Report reflecting a reduction of \$9,617 in ESSER funds for the unallowable/questioned costs reflected in this report. The Grants Finance Office will send Form FS-80, Notice of Overpayment, to your District confirming the amount overpaid, and provide remittance instructions.

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Introduction

Background

The Plattsburgh City School District (District) is a public school district accredited by the New York State Education Department. Its mission is to educate each student by creating challenging, supportive, and interactive learning that advances intellectual, physical, social, and cultural development. The District is located in the city of Plattsburgh, in Clinton County. The District serves residents of the town of Plattsburgh and the hamlets of Beekmantown, Cadyville, Cumberland Head, Elsinore, Morrisonville, Parc, Peru, Schuyler Falls, South and West Plattsburgh.

The District is governed by the Board of Education of Plattsburgh City School District (Board) which comprises nine elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools, Jay C. Lebrun, is the chief executive officer of the District and is responsible, along with other administrative staff, for the daily management of the District under the direction of the Board.

The District consists of three elementary schools, a middle school, and a high school: Thomas E. Glasgow Elementary, Arthur P. Momot Elementary, Oak Street Elementary School, Stafford Middle School, and Plattsburgh High School.

During the 2021-22 school year, the District served approximately 1,719 students with 47 percent being classified as economically disadvantaged and employed approximately 375 personnel, of which 185 were teachers. The District's final budgets for the 2020-21 and 2021-22 school years of \$46,190,001 and \$46,721,991 were funded primarily with state aid, federal sources, 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 I) 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 I) funds for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19.

Plattsburgh City School District was awarded \$528,894 in ESSER I funds and \$89,639 in GEER I funds, respectively. The District used these funds for summer learning programs to close learning gaps for the neediest students due to the pandemic, to make available mental health services and supports, supplies, and materials to protect the health and safety of students and staff, and educational technology supplies and resources to maintain continuity of learning for students and teachers.

Objectives, Scope, and Methodology

The Office of Audit Services conducted an audit to determine if the Plattsburgh City 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 District officials and staff, assessed financial controls, reviewed policies and procedures for procurement, revenues, expenditures, and payroll, examined documentation provided by school officials to support the financial transactions, and reviewed relevant laws.

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 an external peer review will be performed in the near future and in our opinion, the lack of an external audit peer review has had no material effect on the assurances provided.

Audit Findings and Recommendations

Audit Finding 1: Internal Controls

The Board is responsible for designing internal controls that help safeguard the District's resources and to ensure they are used economically, and efficiently. An adequate system of internal controls includes clear policies and procedures that promote effective operations, the prudent use of resources, and the adherence to applicable laws and regulations. Additionally, Uniform Guidance, 2 CFR §200.303 (Sept. 30, 2022), requires non-federal entities receiving federal awards to establish and maintain effective internal control over the federal award that provides reasonable assurance that the non-federal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award.

During the audit, we requested the policies and procedures for the District's business functions of accounting, grants management, human resources, payroll, and purchasing. District officials provided policies and procedures for accounting and purchasing but lacked procedures for grants management and human resources. Payroll procedures did not contain sufficient details to complete the payroll processes conducted by staff on a daily or regular basis, nor could we determine if they were approved by District officials or the Board. No policies and procedures were provided for grants management or human resources.

The payroll documents provided, "Payroll Procedures" and "Payroll Procedures 1", documented substitute payroll procedures for steps in AESOP (i.e., the teacher absence management system), and WINCAP (i.e., HR Management system). However, they were not comprehensive of the entire payroll process; they lacked details of staff responsible for each step in the payroll process and the specific documents required, such as the reports required to be run, steps for generating the payroll check or paystub, and the payroll certification approval requirements. Further, they did not indicate that they were approved by District officials or the Board.

District officials did not formally document the District's daily procedures for business processes. Instead, they relied on policies that lacked sufficient detail regarding the daily processes conducted by staff. District officials have some informal documents of processes but did not prioritize the need for formal procedures for all business processes to be used by staff to conduct day-to-day functions.

When a school lacks comprehensive policies and procedures, it weakens the school's internal controls, increases the likelihood that errors and irregularities will occur and go undetected, and increases the risk of noncompliance with federal and state laws and regulations.

Recommendation:

We recommend District officials develop comprehensive, detailed procedures to complete the business processes conducted by District personnel on a daily or regular basis for grants management, payroll, and the new hire/onboarding process. These procedures should be reviewed, updated on a regular basis (i.e., at least annually), and approved by District Officials and/or the Board.

Audit Finding 2: Segregation of Duties

The New York State Office of the State Comptroller Division of Local Government and School Accountability's *Local Government Management Guide – The Practice of Internal Controls* discusses the importance of strong internal controls for local governments and school districts. According to this management guide, the objective of segregation of duties is to prevent one person from having access to assets and responsibility for maintaining the accountability or authorizing transactions affecting those assets. When it is not practical, nor cost effective to segregate the basic responsibilities, compensating controls should be considered. Compensating controls frequently provide for regular review of work performed by individuals who have custody of assets and who also approve or record transactions affecting those assets. For example, when a District's treasury function is managed by one or two individuals, it is unlikely that incompatible duties can be adequately segregated. In these situations, someone independent of the process, such as an internal auditor, should be designated to review accounting records, bank statements, check images, and financial reports on a regular basis to ensure that fraud or significant errors are not occurring and going remaining undetected.

During our interviews with the District Treasurer, we learned that they were appointed interim Purchasing Agent for the 2021-22 school year, as a result of a staff vacancy in that position. As a result, they were responsible for performing incompatible and conflicting duties while also in their role as District Treasurer. The District Treasurer had full control of transactions, including ordering of materials and supplies, approval of purchase orders, signing checks for payment, and recording transactions in the accounting system. The District Treasurer advised us that she informed the Superintendent of the conflict, but because they were the most qualified employees at the time, they were appointed to the Purchasing Agent position.

The Board appointed the District Treasurer as interim Purchasing Agent for the 2021-22 school year without implementing any compensating controls to address the incompatible duties with their role as District Treasurer. When dealing with negotiable assets, such as cash, checks and inventories, there is a greater need for District officials to ensure proper segregation of duties. When it is neither practical, nor cost-effective to segregate the basic responsibilities, compensating controls should be considered. Compensating controls are supervisory or other oversight procedures designed to reduce the risk of errors or fraud not being detected. Compensating controls frequently provide for regular review of work performed by individuals who have custody of assets and who also approve or record transactions affecting those assets. For example, when a District's central treasury function is managed by one individual, it is unlikely that incompatible duties can be adequately segregated. In these situations, a governing board member (or an internal auditor) should be designated to review accounting records, bank statements, check images and financial reports on a regular basis to ensure that fraud or significant errors are not occurring and remaining undetected. Although we found no willful disregard of internal controls by the District Treasurer, we did note that some payments were processed without all required documentation on file, such as the required number of quotations, contracts with service providers, and justification for sole source vendor, as described in more detail in Finding 3.

When one employee has the ability to control more than one phase of a transaction or process, it increases the likelihood that errors or irregularities will occur and go undetected, and increases the risk for fraud, waste, and abuse.

Recommendation:

We recommend District officials develop policies and procedures regarding steps to be taken when segregation of incompatible duties is not possible, including the necessary compensating controls. Specifically, the supervisory or other oversight procedures that will be designed to reduce the risk of errors, irregularities, or fraud occurring and going undetected.

Audit Finding 3: Procurement – Lack of Competition

General Municipal Law §104-b requires boards of education to adopt internal policies and procedures governing all purchases of goods and services not required to be competitively bid pursuant to §103 of General Municipal Law. 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) (Sept. 30, 2022), “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.”

Additionally, in accordance with Plattsburgh City School District’s *Policy 6700-R – Purchasing Regulation*, when competitive bidding is not required by law, goods and services will be procured in a manner to ensure the prudent and economical use of public monies in the best interests of the taxpayers. Alternative proposals or quotations will be secured by requests for proposals, written or verbal quotations, or any other appropriate method of procurement. The District requires competition when soliciting non-bid procurements in the most cost-effective manner possible and sources of documentation maintained, as follows:

1. Purchase Contracts up to \$20,000.
 - a. Contracts from \$100 to \$1,000: No action is required.
 - b. Contracts in excess of \$1,000 to \$20,000: Three (3) formal written quotes obtained by School Business Official or requestor.
 - c. In excess of \$20,000. Public advertised bid or RFP in accordance with General Municipal Law.

Further, when there is only one possible source from which to procure goods or services, the District will maintain written documentation of the justification as to why the item or service purchased provides the District with the best value when compared to other items or services available in the marketplace. In addition, the documentation will provide that there is no possibility of competition for the procurement of the goods.

The District reported purchased services costs totaling \$113,461 and supplies and materials costs totaling \$290,165 on the Final Expenditure Reports (FS-10-F) for ESSER I and GEER I. We reviewed a total of 19 purchases, seven from the purchased services costs totaling \$51,040 and 12 from the supplies and materials costs totaling \$210,333 (see table below).

Summary of Cost Reported and Sampled						
	ESSER I		GEER I		TOTALS	
	Number of Purchases	Reported Costs	Number of Purchases	Reported Costs	Total Number of Purchases	Total
Purchased Services						
Reported	34	\$ 25,570	7	\$ 87,891	41	\$113,461
Sampled	4	\$ 5,840	3	\$ 45,200	7	\$ 51,040
Supplies and Materials						
Reported	41	\$290,165			41	\$290,165
Sampled	12	\$210,333			12	\$210,333

We found that for all 19 or 100 percent of the purchases, District officials did not procure goods and services in accordance with the purchasing policies, nor ensure that competition was sought and goods and services were purchased in the most cost effective and economical manner. The procurement records lacked documentation supporting their decisions, such as verbal and written quotes, contractual agreements, and written justifications for exceptions to competitive bidding, when required. Additionally, in one instance, we found that a purchase order was dated after the corresponding invoice.

Regarding the purchased services costs, we found for all seven purchases totaling \$51,040, the District did not ensure that competition was sought and failed to maintain the required documentation for contracted services over \$20,000. This included a written contract with specific terms and conditions, the total cost of the contract, and a written justification for the exceptions to competitive bidding. The costs consisted of contracted services for two separate providers: one to conduct summer programs (i.e., art camps and classes) for school-age students from June 25, 2021 to August 31, 2021, and the other to provide childcare services. The total payments to both providers amounted to \$113,461, with one receiving \$92,651 and the other \$20,810. In total, purchases exceeded \$20,000 for each provider. For one provider, the District lacked a written contract or signed agreement and only had an email exchange discussing the terms of the working relationship between the parties. District officials did not maintain a written justification for the selection of either provider, nor indicate that the purchases were the result of an emergency and lacked a detailed written description of the services to be provided, the number of students to be served, cost breakdown, and evidence of Board approval or a resolution to award the contracts. We identified several other irregularities with the claim packets, including purchase orders that were changed multiple times with hand-written amounts, purchase orders dated after the invoice date, invoices dated before the services were provided, and student attendance forms that were not required to be maintained by the providers. Students were enrolled by providing a copy of their report card to the provider.

We asked District officials to provide an explanation for the lack of documentation and they explained that this procurement was exempted from competitive bidding requirements for the following reasons:

- Each of these providers is unique in our region in their services, expertise, and ability to accommodate the District's intended volume.
- Contracts for professional services which require special skill, training and expertise, use of professional judgement or discretion, and/or a high degree of creativity in the performance of the contract may be excepted from competitive bidding requirements.

- The deployment of the stimulus funds from the federal government, through the NY State Education Department, afforded very little time to develop, plan and execute the intended programming.

However, these reasons were not documented in the procurement record as required by the District's policies.

Regarding supplies and materials costs, we found the following:

- For one of 12 purchases of laptops totaling \$168,750 (i.e., 450 laptops), District officials did not conduct a request for proposals, obtain quotes, or indicate that a state or local contract was utilized for pricing, even though the total costs exceeded \$20,000. The voucher packet included three invoices and purchase orders and a single quote from one vendor for a total of 450 laptops at a unit cost of \$375 each (i.e., 150 laptops - \$56,250, 225 laptops - \$84,375, and 75 laptops - \$28,125). Regarding the purchase of 75 laptops for \$28,125, the purchase order was dated September 28, 2020, which was four days after the corresponding invoice date of September 24, 2020, indicating the purchase was made before the appropriate approvals were obtained and made after only obtaining one quote.
- For one of 12 purchases for air filters totaling \$18,422, the procurement record indicated they used the "piggyback" method through a local county contract. However, no county contract or price list was maintained. Therefore, we could not verify the prices charged were accurate or reasonable.
- For ten of 12 purchases totaling \$79,411, the District lacked documentation that at least three price quotes were obtained. For example, the voucher packet corresponding to the purchase of a 3-year software licensing agreement with a cost of \$13,724 only contained one quote from the vendor they purchased from, even though an email indicated that three quotes were received. We requested the other two quotes, but none were provided.

This occurred because District officials did not ensure competition was solicited, as required by the District's purchasing policy, before approving purchase orders and authorizing the purchase, or when the claims were audited for payment which circumvented the intended controls that were in place.

When competition is not solicited and properly documented, the District cannot provide assurance that goods and services will be purchased in the most prudent and economical manner, in the best interest of the taxpayer, and without favoritism. There is an increased risk that the District will pay more for goods and services than required, and the District may not be in compliance with federal and state rules and regulations, which can lead to audit findings and loss of funding.

Recommendation:

We recommend District officials:

1. Review the purchasing policies and procedures and make the necessary updates to ensure competition is sought in every applicable procurement and the required documentation is retained.
2. Provide training to staff responsible for the purchasing function to ensure they are knowledgeable of the requirements for purchases that are not subject to competitive

bidding, such as when to obtain verbal or written quotes, the number of quotes required, and that purchase orders should only be prepared and approved after all required documentation is reviewed and on file.

3. Provide training to the claims auditor to ensure that claims contain sufficient supporting documentation to demonstrate compliance with the competitive procurement requirements outlined in law and the District's purchasing policies prior to approving them for payment.
4. Ensure Board-approved contracts are maintained for all consultants/service providers that detail the services and expectations of all parties, including a breakdown of costs, contract terms with start and end dates, required federal and state contract clauses, and appropriate signatures.

Audit Finding 4 - Procurement – Multi-Year Licensing Agreements

In accordance with Uniform Guidance 2 CFR §200.403(h) – *Factors affecting allowability of costs* (Sept. 30, 2022), "Cost must be incurred during the approved budget period. The Federal awarding agency is authorized, at its discretion, to waive prior written approvals to carry forward unobligated balances to subsequent budget periods pursuant to § 200.308(e)(3)."

Additionally, in accordance with Uniform Guidance 2 CFR §200.404 – *Reasonable costs* (Sept. 30, 2022), "A cost is reasonable if, in its nature and amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the cost. The question of reasonableness is particularly important when the non-Federal entity is predominantly federally funded. In determining reasonableness of a given cost, consideration must be given to:

- (a) Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the non-Federal entity or the proper and efficient performance of the Federal award.
- (b) The restraints or requirements imposed by such factors as: sound business practices; arm's-length bargaining; Federal, state, local, tribal, and other laws and regulations; and terms and conditions of the Federal award.
- (c) Market prices for comparable goods or services for the geographic area.
- (d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the non-Federal entity, its employees, where applicable its students or membership, the public at large, and the Federal Government.
- (e) Whether the non-Federal entity significantly deviates from its established practices and policies regarding the incurrence of costs, which may unjustifiably increase the Federal award's cost."

In our review of supplies and material costs, we found the District purchased a multi-year software licensing agreement totaling \$13,724 that covered the period from April 29, 2021 to July 31, 2024, or 39 months, which extended beyond the period of performance of the ESSER grant. As costs must be incurred during the approved budget period to be considered allowable, we recalculated the costs of the services that fell within the grant period (i.e., April 29, 2021 to September 30, 2022, or 17 months) and determined that only \$5,982 of the \$13,724 charged to the grant were allowable. Consequently, the remaining portion of \$7,742 covered services that

extended beyond the performance period of the grant and resulted in questioned costs of \$7,742.

We inquired with the District Treasurer why the prepaid licenses portion was charged to the grant, and they explained that their past practice for multi-year licenses was to fully expense the costs during the period they were incurred. Although NYSED issued guidance regarding this subject on December 14, 2022 that stated “NYSED has not allowed use of ESSER and GEER funding for such pre-payments and our position remains unchanged. As USDE’s document states, ‘Generally, it is not good stewardship of Federal funds or prudent business practice to prepay for services that will extend many years into the future.’”, this guidance was issued after these costs were incurred and District officials were unaware that prepaid costs extending beyond the grant period were not allowable.

Federal regulations require non-federal entities to accurately report all expenditures to ensure the funds are used appropriately and for the intended purpose. Failure to comply with reporting requirements can lead to audit findings and loss of funding.

Recommendation:

We recommend District officials:

1. Review federal and state grant guidance and ensure they are knowledgeable of all requirements for funds which the District has received.
2. Contact the Department’s Office of ESSA-Funded Programs for instructions, referencing this report, and submit a revised Final Expenditure Report reflecting a reduction of \$7,742 for the unallowable/questioned costs reflected in this report. The Grants Finance Office will send Form FS-80, Notice of Overpayment, to your District confirming the amount overpaid, and provide remittance instructions.

Audit Finding 5 - Payroll - Record Retention Personnel Files

The *Retention and Disposition Schedule for New York Local Government Records* (LGS-1) indicate the minimum length of time that local government officials must retain their records before they may be disposed of legally. The purposes of this schedule include:

- Ensuring that records are retained as long as needed for administrative, legal, and fiscal purposes.
- Ensuring that state and federal record retention requirements are met in accordance with LGS-1, Section 636:
 - a) 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: RETENTION: 7 years after termination of employment.

We judgmentally selected a sample of 24 employees reported on the ESSER and GEER Final Expenditure Reports (FS-10-F) and reviewed their employee personnel files to ensure required documentation was on file, such as the employment application, offer letter and rate change

forms, job description, resume, benefit enrollment forms, withholding forms for taxes and optional deductions and other relevant forms. During our review, we found:

- Three of 24 employee files were missing a resume or employment application.
- Two of 24 employee files were missing an appointment/offer letter, and the board approval or resolution for the payroll periods charged to the grant.
- Three of 24 employee files were missing the health insurance enrollment/change form, or cash out/buyout option form.
- Three of 24 employee files were missing an authorized employee change form for a name change.
- One of 24 employee files was missing documentation of the current rate of pay, and the effective date(s) of pay rate changes. The employee's pay rate changed due to the Plattsburgh Teacher Association's contract being ratified, which included retroactive payments, but no documentation of the new rate or effective date was maintained in the employee file.

The District does not have written policies and procedures regarding the new hire process, including a listing of the documentation to be maintained in the employee's personnel file, and the corresponding retention period based on federal and state regulations. Additionally, the District does not perform periodic audits of personnel files to ensure they are complete.

Without written policies and procedures regarding the new hire process and required documentation to be maintained in each personnel file, the District cannot ensure they maintain all required documentation on file. Furthermore, without having formal signed employee authorizations on file, there is no indication the employee authorized a change, which could result in over or under reporting of benefits and deductions.

Recommendation:

We recommend District officials:

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. Conduct periodic reviews of all personnel files to ensure required documentation is completed and is maintained accordingly.

Audit Finding 6: Time and Attendance Records

In accordance with Uniform Guidance 2 CFR §200.430(i) – *Standards for Documentation of Personnel Expenses* (Sept. 30, 2022), "Charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

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

LEAs must maintain sufficient documentation and internal controls to ensure that salaries and wages charged to federal programs reflect actual work performed and comply with Uniform Guidance.

We selected a sample of 24 employees reported on the Final Expenditure Report (FS-10-F) to determine if their time and attendance records were complete, reviewed, approved, processed in a timely manner, and the compensation paid was accurate. We requested policies and procedures, employee handbooks, payroll registers, timecards, certifications or staff activity reports, and other relevant time and attendance records. We traced payroll report information to source documents, including pay rate approvals, withholdings, and benefits. We found that salaries and wages were properly calculated for the employees in our sample.

However, the District's time and attendance system for certified staff (i.e., principals, assistant principals, teachers, teacher assistants, tutors) only tracks staff absences. It does not document daily attendance, beginning and ending work hours, or provide employees with the ability to attest that they completed their required scheduled hours. Additionally, supervisors are not required to review and approve certified staff's time records prior to processing each payroll.

District officials stated certified staff are not required to complete timecards. Only classified, hourly staff, such as custodial, clerical, food service, transportation, and maintenance staff use the time clock system to record beginning and ending of daily work times, which is used to calculate their payroll. Further, certified staff are paid in accordance with the collective bargaining agreement salary schedule, and their attendance is tracked through the use of the Frontline Absence Management system or a paid leave request form, which are sent to the employee's supervisor for approval. Approved leave requests are then sent to Human Resources to be input into the WinCap time and attendance system for tracking and payroll processing purposes.

Although we did not find any exceptions between the leave requests and the accruals used and paid, we could not determine if certified staff worked 100 percent of the scheduled hours for which they were compensated. Because the District relies on contractual salary schedules and absence reporting rather than comprehensive attendance certification, it lacks sufficient documentation and supervisory verification that certified staff worked the full hours for which they were compensated. This limits assurance that salary charges to federal programs accurately reflect work performed and comply with Uniform Guidance requirements for allowable costs. The absence of employee and supervisory certification also weakens internal controls over payroll processing, increasing the risk of inaccurate, unallowable, or improperly allocated charges being made to federal awards, as well as the potential for undetected payroll errors or irregularities occurring which can result in future audit findings and questioned costs.

Recommendation:

We recommend District officials strengthen internal controls over time and attendance by establishing procedures for salaried employees to certify their attendance and leave activity for each bi-weekly pay period, with supervisory review and approval prior to payment.

Audit Finding 7: Incomplete Asset Inventory Records

In accordance with Uniform Guidance 2 CFR §200.313(d) - *Equipment Management Requirements* (Sept. 30, 2022), "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."

Additionally, in accordance with Uniform Guidance 2 CFR §200.313(e) – *Equipment Disposition* (Sept. 30, 2022), "When original or replacement equipment acquired under a Federal award is no longer needed for the original project or program or for other activities currently or previously supported by a Federal awarding agency, except as otherwise provided in Federal statutes, regulations, or Federal awarding agency disposition instructions, the non-Federal entity must request disposition instructions from the Federal awarding agency if required by the terms and conditions of the Federal award. Disposition of the equipment will be made as follows, in accordance with Federal awarding agency disposition instructions:

- (1) Items of equipment with a current per unit fair market value of \$5,000 or less may be retained, sold, or otherwise disposed of with no further responsibility to the Federal awarding agency.
- (2) Except as provided in §200.312(b), or if the Federal awarding agency fails to provide requested disposition instructions within 120 days, items of equipment with a current per-unit fair market value in excess of \$5,000 may be retained by the non-Federal entity or sold. The Federal awarding agency is entitled to an amount calculated by multiplying the current market value or proceeds from sale by the Federal awarding agency's percentage of participation in the cost of the original purchase. If the equipment is sold, the Federal awarding agency may permit the non-Federal entity to deduct and retain from the Federal share \$500 or ten percent of the proceeds, whichever is less, for its selling and handling expenses.
- (3) The non-Federal entity may transfer title to the property to the Federal Government or to an eligible third party provided that, in such cases, the non-Federal entity must be entitled to compensation for its attributable percentage of the current fair market value of the property.
- (4) In cases where a non-Federal entity fails to take appropriate disposition actions, the Federal awarding agency may direct the non-Federal entity to take disposition actions."

In our review of the ESSER supplies and materials purchases of 450 laptops at a cost of \$375 each, totaling \$168,750, we noted the voucher packet did not include documentation of the laptops' serial numbers and the original asset inventory list provided only included 441 of the 450 laptops purchased. We inquired with the District about the missing nine laptops and were subsequently provided with an updated inventory list that included 450 laptops. We selected a sample of 20 laptops for physical inspection and requested the District to provide photos of each laptop, including asset tag numbers, and serial numbers. The District provided photos for 12 of the 20 laptops in our sample. The District advised that three of the laptops were sold back to the recycler, and the remaining five laptops were lost or could not be located.

The District failed to ensure all laptops purchased were safeguarded and the initial inventory listing we received was incomplete causing the inventory records to be inaccurate at the time of audit. Although an updated inventory listing was later provided that included the nine laptops that were missing from the original report (i.e., listed as inactive or parted out), their omission from the original report demonstrated that District officials were not tracking all dispositions in a timely manner. Additionally, the District did not conduct periodic inventory reconciliations of its fixed assets, nor keep adequate records to track the location or disposition of all assets. The District could not account for a total of five laptops at a cost of \$375 each resulting in questioned costs of \$1,875.

The District's failure to comply with Uniform Guidance and their own fixed asset policy creates an increased risk that their fixed assets could be lost, stolen, or misused. Even if a physical inventory is performed, the District would not be able to account for all fixed assets due to the District's incomplete inventory records. Therefore, officials cannot ensure that all assets purchased remain in the District's custody and this could result in future audit findings and loss of funding.

Recommendation:

We recommend District officials:

1. Ensure staff maintain a complete, accurate, and up-to-date fixed asset inventory, including tracking the disposition of assets in compliance with 2 CFR §200.313(d) – *Equipment Management Requirements*.
2. Provide staff training to ensure the School Business Official arranges for an independent contracted firm to conduct an onsite inventory and appraisal of District property, equipment, and material at least once every twenty-four months in accordance with the District's fixed asset policy.
3. Contact the Department's Office of ESSA-Funded Programs for instructions, referencing this report, and submit a revised Final Expenditure Report reflecting a reduction of \$1,875 for the unallowable/questioned costs reflected in this report. The Grants Finance Office will send Form FS-80, Notice of Overpayment, to your District confirming the amount overpaid, and provide remittance instructions.

Schedule of Questioned Costs

FUND: CARES ACT – ESSERF
PROJECT: 5890210510
PERIOD: 09/13/2020 – 09/30/2022

CATEGORY	FINAL EXPENDITURES	QUESTIONED COSTS	ADJUSTED EXPENDITURES
PROFESSIONAL SALARIES	\$211,929.00		\$211,929.00
NON-PROFESSIONAL SALARIES	\$ 1,230.00		\$ 1,230.00
PURCHASED SERVICES	\$ 25,570.00		\$ 25,570.00
SUPPLIES AND MATERIALS	\$290,165.00	\$ 9,617.00	\$280,548.00
TOTAL	\$528,894.00	\$ 9,617.00	\$519,277.00

Contributors to the Report

- James Kampf, Audit Director
- Karen Thornton, Audit Manager
- Lauri Walker, Auditor-in-Charge
- Thomas Burns, Staff Auditor

Audit Response From Plattsburgh City School District Officials



PLATTSBURGH CITY
SCHOOL DISTRICT

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May 27, 2025

Karen Thornton
Auditor Manager
NYS Education Department, Room 471 EBA
Office of Audit Services
89 Washington Ave.
Albany, NY 12234

This communication will serve as the district's response to the draft audit report, dated April 8, 2025, as well as the corrective action plan for such. As you will note, this response largely parallels the comments which I conveyed on the district's behalf in a July 19, 2024 correspondence responding to the preliminary audit findings.

Audit Finding #1

District personnel have historically viewed Board of Education policy as sufficient framework for Business Office procedures. While the Business Office does possess certain additional procedural documents, we acknowledge that these are not comprehensive. Our district has historically been found (through internal audits, external audits, and Comptroller's Office audits) to have exceptional internal controls, and we will explore the referenced procedure manuals/documents for possible future creation. Moreover, it was shared by audit staff during the exit conference that this finding, like several others contained in your June 17th correspondence, has been universally included in all district audits completed by your office.

Audit Finding #2

District personnel understand the importance of segregating duties. As was made clear to the audit staff, the assigning of the Purchasing Agent role to the District Treasurer was temporary and necessitated by the unplanned removal of an employee. Noteworthy is that there is no indication that the Treasurer performed these combined duties inappropriately in any way, and that audit staff, when queried about superior solutions, could not identify a preferable alternative for this temporary designation than the District Treasurer. It merits further note that the work of the Internal Claims Auditor continued during this temporary period of overlapping duties, and that no issues were raised. As this measure was inherently temporary and is now resolved, no corrective action appears necessary.

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Audit Finding #3

The district maintains that agreements with the Plattsburgh YMCA and the Strand Center for the Arts are excepted from bidding requirements such as RFPs both because these are professional services and because these were the sole regional providers of these services.

District staff provided the audit staff with the NYS regulatory language which supports these exception conclusions, as well as with the reminder that districts were provided an incredibly-limited timeframe in which to arrange and procure this programming. The recommendation that district personnel should have included a notation of these exceptions in the purchasing record is acknowledged and accepted, but amounts to stating the obvious, which during a period of emergency, may not be prioritized.

Similarly, this finding takes issue with the purchase of air filters via 'piggy-back' method of municipal purchasing contract without adequate documentation of such. Again, it seems noteworthy that district staff were faced with a public health emergency and provided workable solutions in a timeline which would previously have been considered impossible, all amidst limited State guidance which sometimes contradicted local and federal directives.

Related, there is no apparent finding that the district overpaid for any of the acquired goods or services.

Should such an unusual situation arise in the future, district personnel will note within the purchasing 'voucher' that the lack of competition for rendered service is allowed by the 'professional services' exception, or that the purveyor is the sole capable regional provider.

Audit Finding #4

As was raised as objection during the exit conference, this finding relates to a purchase which was initiated in April, 2021 and cites as evidence NYSED guidance which was not issued until December, 2022. District personnel acknowledge that the pandemic era was chaotic for districts and State government alike, and therefore understands that the State may have struggled to offer timely guidance, but even though the referenced software license extended through 2024, it was initiated well-before the referenced State guidance, and this finding therefore feels disingenuous to the circumstances.

In terms of corrective actions, as the District transitions to a new business official, a review of federal and state grant guidance will be recommended. In addition, the district will await instructions from the Department regarding the recovery of the \$7,742 of costs with questioned effective date(s).

Audit Finding #5

District personnel acknowledge conditions 2-6 and recognize that certain documentation (requested name change, copy of Board resolution) were absent from some personnel files. But, it merits reiteration that these conditions were only noted in a small number of sampled files (1-3 of 24 files sampled).

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The sole universally-identified condition (condition 1: that job descriptions were missing) is one with which district personnel disagree -- in part as a matter of fact, and in other part as an appropriate finding. For the lone CSEA employee record included in the sample, the audit staff found that the Personnel Department/Department of Civil Service job description was indeed included. District personnel maintain that this should be sufficient description of duties. For the instructional staff sampled, the district strongly disagrees that job descriptions are necessary. The job duties of instructional, student support, and related service provider positions are not just obvious and well-understood, but specific terms and conditions are specified in the Plattsburgh Teachers' Association Agreement. To insert a job description into the personnel file which describes the position of, for instance, Math Teacher or School Counselor, feels unnecessary and inefficient.

However, to resolve this finding, Business Office personnel will -- prospectively and despite the obvious nature of the content thereof -- endeavor to include some description of these seemingly self-evident titles.

Audit Finding #6

As Superintendent, I assert strong objection to this finding. The district does have a system to track when certified staff are present at school and to track their work hours: these work hours are clearly established in the Plattsburgh Teachers' Association Agreement, and all faculty absences are reported in the district's attendance system and verified therein by Administrator(s). The suggestion that certified employees should complete timecards or timesheets so that their hours worked can be verified is not just redundant to existing systems, but strikes as insulting to these professionals. The District's support staff employees are equally valued and trustworthy as is the faculty, but because support staff schedules can be somewhat more varied (largely because of overtime work), the district does utilize the recommended time verification. The introduction of a timesheet system for members of the Plattsburgh Teachers' Association or the Plattsburgh Administrative Council is a concept which I will strongly resist, in part because it would likely, understandably be received by these dedicated professionals with offense, and because I might reasonably expect that it might yield either a labor grievance or a request for impact bargaining.

Audit Finding #7

The district has provided a full inventory of student computing devices to the audit staff. District personnel acknowledge that device serial numbers were not included in the voucher packet. The crux of this finding appears to be those student devices which have been lost by students/families. As with textbooks, library materials, and other district-provided resources, students and families sometimes lose district-provided computing devices, or leave our geographic region without returning such. District personnel work hard to secure return of this equipment, and our IT staff disable the functionality of non-returned devices. Beyond these measures, we welcome guidance from your staff or other NYS personnel on how to address this matter.

Our district's internal controls have long been viewed (and verified) as being excellent, and this report provides no context for the findings -- for instance, that despite some of these findings

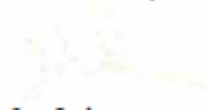
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being acknowledged and valid, these instances are rare and arguably inconsequential, and that ours may indeed be the most attune district to fiscal controls. Context and comparability matter, and reporting rare occurrences in such a sensational way deprives the reader of appropriate perspective. Our district will continue to strive for perfection, which would be the necessary standard to satisfy all of the referenced findings, but that criterion may be neither practical nor reasonable.

On July 1, 2025, the district will welcome its third Business Official since the pandemic era. As this individual previously served as a Chief School Officer, they are aware that during the time period of focus of this report – a global pandemic – districts were required to implement a historically-unprecedented program in very short order amidst unavailable or frequently-changing directives. Regardless, we will receive these findings and recommendations with the constructive spirit with which we presume they were intended.

With thanks,



Jay Lebrun
Superintendent of Schools

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SED Comments to Audit Response

1. As communicated to District officials during the audit and in this report, Board policies alone do not provide sufficient operational guidance for staff to effectively carry out daily responsibilities and ensure consistency and accountability.
2. For clarification, the audit team provided possible solutions to District officials during the exit meeting and advised, in the report, that additional compensating controls should have been implemented when the District Treasurer was also appointed as the Purchasing Agent, resulting in conflicting duties. We provided an example of such a control, which included added supervisory oversight or oversight by another District official, such as the Internal Auditor, or a Board member.

Additionally, although we found no willful disregard of internal controls by the District Treasurer, we noted that some payments were not in compliance with the District's purchasing policies and procedures as described in detail in Finding 3. These issues might have been avoided with stronger oversight, especially during a time when the Treasurer had increased responsibilities and the District was managing challenges related to the pandemic.

While the Treasurer no longer holds both roles, the District may face similar situations in the future due to its small size. It is important that the District proactively prepares for such scenarios by establishing clear policies and procedures to manage conflicting duties.

3. District officials and/or personnel were found non-compliant with the Board-approved purchasing policies and procedures which resulted in this finding. We could not determine if District officials overpaid for goods and services due to the lack of documentation maintained by the District.
4. Instructions from the Department for the recovery of funds have been included in the report in Finding 4.
5. After our exit meeting with District officials, we took the District's concerns and objections into consideration and removed the exception of job descriptions from the Draft Report.
6. While we acknowledge the District's concerns, reliance solely on contractual work schedules and absence reporting does not satisfy federal documentation requirements. Uniform Guidance (2 CFR § 200.430(i)) requires payroll charges to be supported by records that accurately reflect the work performed. Establishing procedures for salaried employees to certify their attendance and leave activity each bi-weekly pay period, with supervisory review and approval prior to payment, would provide reasonable assurance that payroll charges are accurate, allowable, and properly allocated. The District should investigate additional reporting capabilities available in their existing time and attendance payroll system that may be available to further enhance their payroll documentation and processing controls. Our

recommendation is not intended to question the professionalism of staff, but to strengthen internal controls and ensure compliance with federal requirements.

7. The District inventory records did not reconcile at the time of audit and they were not in compliance with Uniform Guidance 2 CFR §200.313(d) – Management requirement as explained in the finding.