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# Audit Report

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Rhinebeck Central School District  
Education Stabilization Fund Audit  
for the Period  
March 13, 2020 through September 30, 2023

ESF-0125-01

September 23, 2025

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





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

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

September 23, 2025

Mr. Albert Cousins  
Superintendent of Schools  
Rhinebeck Central School District  
45 North Park Road  
Rhinebeck, NY 12572

Dear Mr. Cousins:

Enclosed is the final audit report (ESF-0125-01) corresponding to our audit of Rhinebeck Central School District. The objective of this audit was to determine if Education Stabilization Funds (ESF) received under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was spent in accordance with award requirements and federal laws and regulations. This audit was conducted pursuant to Section 305 of the Education Law and the scope of the audit covered the period March 13, 2020 through September 30, 2023.

Within 90 days of the issuance of this report, we request school officials provide a written board approved corrective action plan to the Office of Audit Services which details the specific steps that were taken by the Rhinebeck 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 Valli Ragavan, Auditor-in-Charge (Valli.Ragavan@nysed.gov).

Sincerely,

James Kampf  
Director, Office of Audit Services

Attachments

cc: Betty A. Rosa, Commissioner  
Jeffrey Matteson, Senior Deputy Commissioner for Education Policy  
Jason Harmon, Deputy Commissioner, Performance Improvement & Management Services  
Theresa Billington, Assistant Commissioner, Office of Accountability  
Erica Meaker, Director, Office of ESSA-Funded Programs  
Sarah Martin, Supervisor, Grants Finance

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## Executive Summary

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### Objectives

To determine if the Rhinebeck Central School District (District) Education Stabilization Fund (ESF) expenditures were reasonable, necessary, and allocable under the CRRSA 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, 2023.

### Background

On March 27, 2020, Congress passed, and the President signed into law, the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act created an Education Stabilization Fund (ESF)<sup>1</sup> to prevent, prepare for and respond to the coronavirus under which New York State has received:

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

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act)<sup>2</sup>. The CRRSA Act provides \$81.88 billion nationwide in a second Education Stabilization Fund to prevent, prepare for and respond to COVID-19, of which New York received:

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

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<sup>1</sup> New York State Education Department. *Coronavirus Aid, Relief, and Economic Security (CARES) Act*. Accessed June 9, 2025. <https://www.nysed.gov/federal-education-covid-response-funding/coronavirus-aid-relief-and-economic-security-cares-act>.

<sup>2</sup> New York State Education Department. *Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act*. Accessed June 9, 2025. <https://www.nysed.gov/federal-education-covid-response-funding/coronavirus-response-and-relief-supplemental-appropriations>.

- \$322.9 million in Governor's Emergency Education Relief (GEER II) funds for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19, of which \$250.1 million is for an Emergency Assistance to Non-Public Schools (EANS) grant program.

The Rhinebeck Central School District was awarded \$687,823 in ESSER II funds under the CRRSA Act.

### ***Key Findings***

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

- The District did not maintain written standard operating procedures for day-to-day operations.
- The District lacked internal controls to ensure that employees received their background and fingerprinting clearance prior to their start date.
- The District lacked internal controls to ensure external audit reports and/or corrective action plans were posted on the district's website in a timely fashion.
- The District did not maintain written internal policies and procedures to verify vendor eligibility in accordance with Uniform Guidance's suspension and debarment requirements prior to entering into contracts or agreements.
- The District did not ensure that procurement requirements were consistently followed.
- The District did not have adequate internal controls in place to ensure employee benefit costs were accurately calculated and properly allocated to the ESSER II grant.
- District officials did not properly monitor or account for the fixed assets we tested and maintained incomplete and inaccurate records.

### ***Key Recommendations***

We recommend the District:

- Develop detailed standard operating procedures for daily operations, including, but not limited to:
  - Processing payroll
  - Processing procurements
  - Grants management
- Develop clear written policies and procedures to ensure compliance with fingerprinting background clearance requirements for all prospective employees.
- Develop clear written policies and procedures to ensure timely posting of external audits reports and corrective action plans on their website.
- Verify all vendors are eligible to participate in federal awards prior to executing any contract or purchase using federal funds.
- Ensure consistent compliance with applicable federal and state procurement regulations, as well as its own established purchasing procedures.
- Review and strengthen internal controls to ensure that costs charged to federal grants are accurately calculated and properly allocated in accordance with applicable requirements.

- Contact the Department's Office of ESSA-Funded Programs for instructions, referencing this report, and submit a revised Final Expenditure Report through the NYSED Application Business Portal reflecting a reduction of \$2,480.56 for the unallowable/questioned costs reflected in this report.
- Review and update the *Inventory and Control of Fixed Assets* policy to ensure staff maintain a complete, accurate, and up-to-date fixed asset inventory in compliance with federal standards.

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

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## Introduction

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### **Background**

The Rhinebeck Central School District (District) is located in the Towns of Clinton, Hyde Park, Milan, Red Hook, Rhinebeck and Stanford in Dutchess County. The District is governed by the Board of Education (Board) which is composed of seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the District's chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

The District operates three schools - Chancellor Livingston Elementary School, Bulkeley Middle School, and Rhinebeck High School with approximately 928 students and 210 employees. The student-to-teacher ratio is approximately 10:1, allowing for small class sizes and more individualized instruction<sup>3</sup>. The District's budgeted appropriations for the 2023-2024 school year were \$38.9 million, funded primarily with State aid, real property taxes and grants<sup>4</sup>.

The Rhinebeck community is characterized by a mix of rural and suburban areas with a strong emphasis on public education, academic achievement, and student well-being. In recent years, the District has prioritized mental health support, curriculum innovation, and equitable access to learning resources—initiatives that align with the intent of federal COVID-19 relief funding, including CRRSA Act allocations<sup>5</sup>.

### **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)<sup>6</sup> 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

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<sup>3</sup> National Center for Education Statistics. "Search for Public School Districts - District Detail for Rhinebeck Central School District." Accessed June 5, 2025. [https://nces.ed.gov/ccd/districtsearch/district\\_detail.asp?ID2=3624480](https://nces.ed.gov/ccd/districtsearch/district_detail.asp?ID2=3624480).

<sup>4</sup> Rhinebeck Central School District. *2023–2024 Budget Brochure*. Rhinebeck, NY: Rhinebeck Central School District, 2023. Accessed June 5, 2025. [https://cdns5-ss20.sharpschool.com/UserFiles/Servers/Server\\_58774/File/Board%20of%20Education/School%20Budget%202023-2024/Budget%20Brochure%20for%20Web.pdf](https://cdns5-ss20.sharpschool.com/UserFiles/Servers/Server_58774/File/Board%20of%20Education/School%20Budget%202023-2024/Budget%20Brochure%20for%20Web.pdf).

<sup>5</sup> Rhinebeck Central School District. *Mission, Vision, Core Values*. Accessed June 5, 2025. [https://rhinebeckcsd.org/district/mission\\_vision\\_core\\_values](https://rhinebeckcsd.org/district/mission_vision_core_values).

<sup>6</sup> New York State Education Department. *Coronavirus Aid, Relief, and Economic Security (CARES) Act*. Accessed June 9, 2025. <https://www.nysed.gov/federal-education-covid-response-funding/coronavirus-aid-relief-and-economic-security-cares-act>.

- that Novel Coronavirus Disease 2019 (COVID-19) has had, and continues to have, on elementary and secondary schools across the nation; and
- \$164.2 million in Governor's Emergency Education Relief (GEER) funds for the purpose of providing educational agencies with emergency assistance to address the impact of COVID-19.

### **CRRSA Act**

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act)<sup>7</sup>. The CRRSA Act provided \$81.88 billion nationwide in a second Education Stabilization Fund to prevent, prepare for and respond to COVID-19, of which New York received:

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

The Rhinebeck Central School District was awarded \$687,823 in ESSER II funds under the CRRSA Act.

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.

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<sup>7</sup> New York State Education Department. *Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act*. Accessed June 9, 2025. <https://www.nysed.gov/federal-education-covid-response-funding/coronavirus-response-and-relief-supplemental-appropriations>.



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## Objectives, Scope, and Methodology

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The Office of Audit Services conducted an audit to determine if the Rhinebeck Central School District Education Stabilization Fund (ESF) expenditures were reasonable, necessary, and allocable under the CRRSA 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, 2023.

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

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

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## Audit Findings and Recommendations

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### 1. Standard Operating Procedures (SOPs)

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.

In accordance with the Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 2 CFR §200.303(a) - *Internal controls*, "The non-Federal entity must: (a) 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. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

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. A district's board is responsible for designing internal controls that help safeguard the district's resources and ensure they are used economically and efficiently.

One way to improve internal control efficiency is using standard operating procedures (SOPs). SOPs provide a step-by-step guide detailing approved procedures for certain tasks within an organization. The use of SOPs improves an organization's internal controls by mitigating the risk of human error and non-compliance with approved procedures.

We noted the District does not maintain standard operating procedures for day-to-day operations of payroll processing, procurements, and grants management. Maintaining SOPs in these areas would assist in the development and training of new employees, help ensure the District's operations are unaffected by potential staff turnover, and ensure tasks are performed efficiently.

Without written policies and procedures, employee roles, responsibilities and duties may be unclear and not properly followed, resulting in confusion, misunderstanding and errors.

### **Recommendations:**

We recommend that District officials develop detailed standard operating procedures for daily operations, including but not limited to:

1. Processing payroll;
2. Processing procurements; and
3. Grants management.

## **2. Employee Hired Before Background Clearance**

District officials are responsible for ensuring the District complies with legal requirements for hiring practices, including obtaining fingerprint clearance before employment. Effective internal controls should verify that all employees have proper background clearance prior to their start date to ensure student safety and regulatory compliance.

In accordance with 8 NYCRR § 87.4(a)(1) - *Requirements for covered schools and prospective school employees*, "Covered schools shall not employ or utilize a prospective school employee, as defined in section 87.2 of this Part, unless such prospective school employee has been granted a clearance for employment by the department, or unless the covered school has made an emergency conditional appointment."

We examined 20 out of 40 employees (50%) listed on the Final Expenditure Report (i.e., FS-10-F) and reviewed their personnel files to determine if the organization is maintaining accurate, up-to-date and complete documentation. We identified three instances where the employee start date preceded their background/fingerprinting clearance date.

| <b>Employee Sample #</b> | <b>Observation</b>   | <b>Days Between Start Date and Clearance Date</b> |
|--------------------------|--|---|
| Sample #3                | Employee Start Date: 01/02/2014<br>Background Clearance Date: 01/09/2014 | 7 Days  |
| Sample #7                | Employee Start Date: 09/01/2008<br>Background Clearance Date: 01/06/2012 | 1,222 Days  |
| Sample #16               | Employee Start Date: 09/01/2008<br>Background Clearance Date: 01/06/2012 | 1,222 Days  |

The District lacked internal controls to ensure that employees received their background and fingerprinting clearance prior to their start date.

By allowing employees to begin work before their fingerprinting and background clearance were confirmed, the District risks employing individuals with potentially disqualifying criminal histories without proper vetting, potentially endangering the safety of students and staff.

### **Recommendation:**

We recommend that District officials develop clear written policies and procedures to ensure compliance with fingerprinting background clearance requirements for all prospective employees.

### **3. Compliance with External Audit Posting Requirements**

District officials are responsible for promoting transparency and accountability by ensuring required financial information is made publicly available. This includes the timely posting of external audit reports and any associated corrective action plans on the District's website, as required by State regulations.

In accordance with New York Education Law § 2116-a(3-b), "Each school district shall in a timely fashion post on its website, if any, the annual external audit report and the corrective action plan prepared in response to any findings contained in the annual external audit report or management letter, or any final audit report issued by the state comptroller."

During our audit, we noted that the District did not post its audited financial statements for the 2020–2023 fiscal years on its website, as required. Although the District posted the statements following our closing conference, they were not made publicly available prior to our notification of this deficiency, and therefore the issue remains a reportable finding.

The District lacked internal controls to ensure external audit reports and corrective action plans were posted on the District's website in a timely fashion.

Failure to post external audit reports and corrective action plans on the District's website in a timely fashion limits transparency and accountability to the public.

#### **Recommendation:**

We recommend that District officials develop clear written policies and procedures to ensure timely posting of external audits reports and corrective action plans on the District's website.

#### **4. Suspension and Debarment Check**

District officials are responsible for ensuring that federal funds are used in compliance with applicable regulations, including safeguards against doing business with ineligible vendors. As part of these responsibilities, the District must verify that vendors are not suspended or debarred from receiving federal funds prior to entering into contracts or purchases using such funds.

In accordance with Uniform Guidance 2 CFR §200.214 - *Suspension and debarment*, "Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, 2 CFR part 180. The regulations in 2 CFR part 180 restrict awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participating in Federal assistance programs or activities."

In accordance with Uniform Guidance 2 CFR §180.300 (Sept. 30, 2023), prior to doing business with a vendor, the District is required to verify they are not excluded or disqualified by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that vendor; or
- (c) Adding a clause or condition to the covered transaction with the vendor.

We examined four purchased services transactions totaling \$9,845 and six supplies and materials transactions totaling \$164,518, representing 100% of the expenditures in these categories. The purpose of our testing was to determine whether expenses charged to the grant were allowable, reasonable, allocable, supported with sufficient documentation and followed the organization's procurement policies and procedures.

We found that the District did not verify whether vendors are disbarred or excluded prior to engaging vendors for all four purchased services transactions and five of the six supplies and materials transactions tested. Additionally, the District's claims auditor approved nine of ten sampled transactions without confirming that the required suspension and debarment checks had been completed.

The District does not maintain written internal policies and procedures to verify vendor eligibility or to confirm vendors are not excluded, debarred, or suspended from doing business with the federal government prior to entering into contracts or agreements.

Without performing vendor eligibility checks, the District risks awarding contracts to vendors who are ineligible to receive federal funds.

#### **Recommendation:**

We recommend that District officials review and strengthen the District's procurement policy and internal controls to ensure vendor eligibility prior to executing any contract or purchase using federal funds.

## 5. Incorrect Procurement Method

District officials are responsible for ensuring that purchases made with federal funds comply with applicable procurement regulations. This includes using the appropriate procurement method based on established dollar thresholds to promote transparency, competition, and cost-effectiveness.

In accordance with New York State's General Municipal Law (GML) §103 - Advertising for bids and offers; letting of contracts; criminal conspiracies, "...all purchase contracts involving an expenditure of more than twenty thousand dollars, shall be awarded by the appropriate officer, board or agency of a political subdivision or of any district therein including but not limited to a soil conservation district to the lowest responsible bidder furnishing the required security after advertisement for sealed bids in the manner provided by this section...."

In accordance with the District's *Purchasing* policy (6700), "The General Municipal Law requires that purchase contracts for materials, equipment and supplies involving an estimated annual expenditure exceeding \$20,000 and public work contracts involving an expenditure of more than \$35,000 will be awarded only after responsible bids have been received in response to a public advertisement soliciting formal bids."

We examined six supplies and materials expenditures totaling \$164,518 (100%) to determine whether expenses charged to the grant were allowable, reasonable, allocable, supported with sufficient documentation and followed the organization's procurement policies and procedures.

We identified two instances where the District did not use the correct procurement method when purchasing laptops from a computer equipment supplier. Specifically, Purchase Order #57370 for \$76,350 and Purchase Order #60578 for \$43,344 exceeded the micro-purchase threshold and thus required a formal procurement process, such as advertisement for sealed bids. Furthermore, the District's claims auditor approved all six sampled transactions without verifying that appropriate procurement methods were followed, as required by New York State General Municipal Law §103 and the District's own *Purchasing* policy.

The District did not have adequate internal controls in place to ensure that procurement requirements, as outlined in New York State General Municipal Law (GML) §103 and the District's own *Purchasing* policy (6700), were consistently followed.

When the District does not ensure that purchases are conducted in accordance with required procurement procedures, it cannot provide assurance that goods and services are obtained in the most prudent, economical, and transparent manner.

**Recommendation:**

We recommend that District officials review and strengthen the District's procurement policy and internal controls to ensure consistent compliance with applicable federal and state procurement regulations, as well as its own established purchasing procedures.



## **6. Inaccurate Reporting – Employee Benefits**

District officials are responsible for ensuring that employee benefit costs charged to federal grants are accurate, properly calculated, and supported by appropriate documentation.

In accordance with Uniform Guidance 2 CFR §200.303 - *Internal controls*, " The non-Federal entity must:

- (a) 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. These internal controls should be in compliance with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (c) Evaluate and monitor the recipient's or subrecipient's compliance with statutes, regulations, and the terms and conditions of Federal awards.
- (d) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings."

We examined all the employee benefits charged to the ESSER II grant - specifically FICA, Teachers' Retirement (TRS), Employee Retirement (ERS), Health Insurance and the Welfare Trust. In our review, we noted:

### **FICA:**

The purpose of our testing was to determine whether Social Security benefits charged to ESSER II grant funds were calculated using the correct FICA rates, accurately recorded, in compliance with the FICA wage base limits, and reconciled with payroll records, general ledger, and IRS Form 941 filings.

The District charged \$26,698 in FICA contributions at the standard 7.65% rate, based on the total reported salary of \$348,987.67 for professional and support staff, as listed on the FS-10-F.

Upon review, we found that the District did not adjust for the pre-tax Flexible Spending Account (FSA) deductions, which are not subject to FICA taxation. As a result, the District incorrectly applied FICA rates to each employee's full salary amount rather than the FICA-taxable portion, leading to an overcharge of \$595.11 to the ESSER II grant.

### **Teacher Retirement System (TRS):**

The purpose of our testing was to determine whether TRS contributions charged to ESSER II grant funds were calculated using the correct TRS rates, accurately recorded and properly reconciled with the general ledger and state aid payments.

The District charged \$23,529 for the 2021–2022 TRS contribution and \$7,839 for the 2022–2023 TRS contribution under the ESSER II grant, as reported on the FS-10-F.

Upon review, we found that the District applied incorrect TRS contribution rates, resulting in a net overcharge of \$694.18 to the grant. Details are as follows:

**2021–2022 Salaries:**

The District applied the 2022–2023 TRS rate of 10.29% instead of the correct 2021–2022 TRS rate of 9.80%. This resulted in an overcharge of \$1,120.52 to the ESSER II grant.

**2022–2023 Salary:**

The District applied the 2023–2024 TRS rate of 9.76% instead of the correct 2022–2023 TRS rate of 10.29%. This resulted in an undercharge of \$426.34 to the ESSER II grant.

**Employee Retirement System (ERS):**

The purpose of our testing was to determine whether ERS contributions charged to ESSER II grant funds were calculated using the correct ERS rates, accurately recorded and properly reconciled with the general ledger, bank statement and invoices.

The District charged \$4,281 to employee benefits for the ERS contribution for one employee based on their full salary. However, our review found that the ERS contribution rate applied was incorrect for a Tier 6 employee, resulting in an overcharge to the ESSER II grant.

The District used a 10.70% ERS rate from the 2022 NYSLRS invoice, which covered the period from April 1, 2020, through March 31, 2021. This period does not align with the dates charged to the ESSER II grant (i.e., September 17, 2021 – June 30, 2022). As a result, the District applied an outdated invoice and an incorrect ERS rate when calculating the contribution.

Given that the ESSER II grant period spans two New York State fiscal years, the appropriate ERS rates should have been:

- 8.30% for September 17, 2021 – March 31, 2022 (6.5 months)
- 9.60% for April 1, 2022 – June 30, 2022 (3 months)

During the closing conference, we shared the correct ERS calculation methodology with the District, which showed a \$796.27 overcharge to the ESSER II grant.

**Health Insurance and Welfare Trust:**

The purpose of our testing was to verify the accuracy and appropriateness of the employer's portion of health insurance premium payments by reviewing contractual terms, rates, and invoices, and reconciling payments with supporting financial records.

The District charged \$47,125 to employee benefits for health insurance and the welfare trust contributions under the ESSER II grant for five employees. We reviewed the

amounts allocated by tracing each employee's health insurance and welfare trust charges to supporting documentation, including the District's allocation methodology, payroll registers, RTA agreement, invoices, detailed premium backup, canceled checks, wire transfers, bank statements, and general ledger entries.

Our review identified an overcharge for one of the five employees sampled. Although this employee began employment on October 1, 2021, as a 9-month (0.75 FTE) employee, the District erroneously charged their full-year welfare trust premium contribution of \$1,580 to the ESSER II grant. The appropriate charge should have been \$1,185, resulting in a \$395 overcharge to the ESSER II grant.

The District did not have adequate internal controls in place to ensure employee benefit costs were accurately calculated and properly allocated to the ESSER II grant.

Due to inaccurate calculations, unallowable costs were charged to the federal award, including \$595.11 in FICA, \$694.18 in TRS, \$796.27 in ERS, and \$395 in health insurance. These charges do not comply with federal grant requirements and may result in repayment to the funding agency.

### **Recommendation:**

We recommend District officials:

1. Review and strengthen their internal controls to ensure that costs charged to federal grants are accurately calculated and properly allocated in accordance with applicable requirements.
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 \$2,480.56 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.

## 7. Asset Management and Inventory

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

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

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

Additionally, in accordance with the District's *Inventory and Control of Fixed Assets* policy (6640), "Property records will contain, where possible, the following information:

- a. Asset number
- b. Description
- c. Model number
- d. Serial number
- e. Original cost or value
- f. Date of purchase
- g. Estimated life of asset
- h. Location
- i. Asset Type"

We examined 60 laptops (i.e., 51% of the total population) to assess whether equipment purchased with federal funds was properly managed, used, and disposed of in

accordance with federal requirements, and to ensure accountability was maintained. Our review identified the following issues:

- 1) All 60 laptops did not have the following descriptions recorded on their fixed asset tracking spreadsheets/reports as required in 2 CFR §200.313(d)(1):
  - a. Source of funding
  - b. Date of purchase
  - c. Equipment cost
  - d. Percentage of federal award used
- 2) Of the 60 laptops sampled, 25 did not have the location description recorded on their fixed asset tracking spreadsheets/reports as required in 2 CFR §200.313(d)(1).
- 3) One laptop was noted by the District as being lost and was not recorded on their fixed asset tracking spreadsheets/reports as having been received. Additionally, no further documentation was provided regarding the loss—such as the date it was reported, whether an investigation was conducted, or any follow-up actions taken.
- 4) The District's *Inventory and Control of Fixed Assets* policy (6640) is not in compliance with Uniform Guidance 2 CFR §200.313(d)(1) as it is missing the requirements to record the:
  - a. Source of funding
  - b. Who holds the title
  - c. Percentage of federal award used
  - d. Condition

District officials did not properly monitor or account for the fixed assets we tested and maintained incomplete and inaccurate records, in part because the District's *Inventory and Control of Fixed Assets* policy (Policy 6640) does not include the maintenance of certain records required under 2 CFR §200.313(d)(1).

By not complying with Uniform Guidance, the District has an increased risk that their fixed assets could be lost, stolen, or misused. Although a physical inventory may be performed, the absence of critical information in the District's fixed asset tracking spreadsheets/reports significantly impairs its ability to ensure accountability and accurate oversight of grant-funded property.

#### **Recommendation:**

We recommend that District officials review and update the District's *Inventory and Control of Fixed Assets* policy (Policy 6640) to fully incorporate the requirements of 2 CFR §200.313(d)(1) and strengthen internal controls to ensure staff maintain a complete, accurate, and up-to-date fixed asset inventory in compliance with federal standards.

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## Contributors to the Report

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



# Rhinebeck Central School District

P.O. Box 351, Rhinebeck, N.Y. 12572  
Tel: 845-871-5520 Ext. 5523 \* Fax: 845-876-4276

July 9, 2025

**Office of the State Comptroller**  
**Division of Local Government and School Accountability**  
**PSU – CAP Submission**  
**110 State Street, 12<sup>th</sup> Floor**  
**Albany, NY 12236**

To Whom It May Concern,

The following is the Corrective Action Plan for the following audit report.

Unit Name: Rhinebeck Central School District  
Audit Report Title: Education Stabilization Fund Audit for the Period  
March 13, 2020, through September 30, 2023

For each finding included in the audit report, the following is our corrective action taken or proposed.

## **Standard Operating Procedures (SOPs)**

In accordance with the Office of Management and Budget's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) [2 CFR §200.303\(a\) - Internal controls](#), "The non-Federal entity must: (a) 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. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)."

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. A district's board is responsible for designing internal controls that help safeguard the district's resources and ensure they are used economically and efficiently.

## **Recommendation:**

We recommend that District officials develop detailed standard operating procedures for daily operations, including but not limited to:

1. Processing payroll.
2. Processing procurements; and
3. Grants management.

**District's Response** - Management will work closely with the payroll, accounts payable clerk and the treasurer to create detailed standard operating procedures in each of these areas.

**Implementation Date** – June 2026

**Person Responsible for Implementation** – Christine C. Natoli – Assistant Superintendent for Business & Operations

## **Employee Hired Before Background Clearance**

District officials are responsible for ensuring the District complies with legal requirements for hiring practices, including obtaining fingerprint clearance before employment. Effective internal controls should verify that all employees have proper background clearance prior to their start date to ensure student safety and regulatory compliance.

In accordance with [8 NYCRR § 87.4\(a\)\(1\) - Requirements for covered schools and prospective school employees](#), "Covered schools shall not employ or utilize a prospective school employee, as defined in section 87.2 of this Part, unless such prospective school employee has been granted a clearance for employment by the department, or unless the covered school has made an emergency conditional appointment."

We examined 20 out of 40 employees (50%) listed on the Final Expenditure Report (i.e., FS-10-F) and reviewed their personnel files to determine if the organization is maintaining accurate, up-to-date and complete documentation. We identified three instances where the employee start date preceded their background/fingerprinting clearance date.

### **Recommendation:**

We recommend that District officials develop clear written policies and procedures to ensure compliance with fingerprinting background clearance requirements for all prospective employees.

**District's Response** –The district will continue to work closely with the human resources department to ensure the districts finger printing policy is followed. The district will develop written procedures and train appropriate personnel.

**Implementation Date** – June 2026

**Person Responsible for Implementation** – Christine C. Natoli – Assistant Superintendent for Business & Operations

## **Compliance with External Audit Posting Requirements**

District officials are responsible for promoting transparency and accountability by ensuring required financial information is made publicly available. This includes the timely posting of external audit reports and any associated corrective action plans on the District's website, as required by State regulations.

In accordance with [New York Education Law § 2116-a\(3-b\)](#), "Each school district shall in a timely fashion post on its website, if any, the annual external audit report and the corrective action plan prepared in response to any findings contained in the annual external audit report or management letter, or any final audit report issued by the state comptroller."

### **Recommendation:**

We recommend that District officials develop clear written policies and procedures to ensure timely posting of external audits reports and corrective action plans on the District's website.

**District's Response** – The district has posted all audit reports and responses from the year ending June 30, 2020, to current.

**Implementation Date** – Completed

**Person Responsible for Implementation** – Christine C. Natoli – Assistant Superintendent for Business & Operations

## **Suspension and Debarment Check**

District officials are responsible for ensuring that federal funds are used in compliance with applicable regulations, including safeguards against doing business with ineligible vendors. As part of these responsibilities, the District must verify that vendors are not suspended or debarred from receiving federal funds prior to entering into contracts or purchases using such funds.

In accordance with Uniform Guidance [2 CFR §200.214 - Suspension and debarment](#), "Non-Federal entities are subject to the non-procurement debarment and suspension regulations implementing Executive Orders 12549 and 12689, [2 CFR part 180](#). The regulations in [2 CFR part 180](#) restrict awards, subawards, and contracts with certain parties that are



debarred, suspended, or otherwise excluded from or ineligible for participating in Federal assistance programs or activities."

We found that the District did not verify vendor eligibility against the federal suspension and debarment list on SAM.gov prior to engaging vendors for all four purchased services transactions and five of the six supplies and materials transactions. Additionally, the District's claims auditor approved nine of ten sampled transactions without confirming that the required suspension and debarment checks had been completed.

The District does not maintain written internal policies and procedures to verify whether vendors are excluded, debarred, or suspended from doing business with the federal government by checking the System for Award Management (SAM.gov) prior to entering into contracts or agreements.

Without performing verification through SAM.gov, the District risks awarding contracts to vendors who are ineligible to receive federal funds.

**Recommendation:**

We recommend that District officials review and strengthen the District's procurement policy and internal controls to ensure the verification of all vendors against the federal debarment and suspension listings at SAM.gov prior to executing any contract or purchase using federal funds.

**District's Response** – The district will update the purchasing policy and standard operating procedures to ensure this step is included in our payment processing procedures by our accounts payable clerk and reviewed by our internal auditor before the payment is processed.

**Implementation Date** – June 2026

**Person Responsible for Implementation** – Christine C. Natoli – Assistant Superintendent for Business & Operations

**Incorrect Procurement Method**

District officials are responsible for ensuring that purchases made with federal funds comply with applicable procurement regulations. This includes using the appropriate procurement method based on established dollar thresholds to promote transparency, competition, and cost-effectiveness.

In accordance with New York State's [General Municipal Law \(GML\) §103](#) - Advertising for bids and offers; letting of contracts; criminal conspiracies, "...all purchase contracts involving an expenditure of more than twenty thousand dollars, shall be awarded by the appropriate officer, board or agency of a political subdivision or of any district therein including but not limited to a soil conservation district to the lowest responsible bidder furnishing the required security after advertisement for sealed bids in the manner provided by this section..."

In accordance with the District's Purchasing policy (6700), "The General Municipal Law requires that purchase contracts for materials, equipment and supplies involving an estimated annual expenditure exceeding \$20,000 and public work contracts involving an expenditure of more than \$35,000 will be awarded only after responsible bids have been received in response to a public advertisement soliciting formal bids."

**Recommendation:**

We recommend that District officials review and strengthen the District's procurement policy and internal controls to ensure consistent compliance with applicable federal and state procurement regulations, as well as its own established purchasing procedures.

**District's Response** – The District will review its purchasing policy to ensure that we are conforming to New York State purchasing regulations to include reference to Uniform Grants Guidance.

**Implementation Date** – June 2026

**Person Responsible for Implementation** – Christine C. Natoli – Assistant Superintendent for Business & Operations

## **Inaccurate Reporting - Employee Benefits**

District officials are responsible for ensuring that employee benefit costs charged to federal grants are accurate, properly calculated, and supported by appropriate documentation.

In accordance with Uniform Guidance [2 CFR §200.303 - Internal controls](#), " The non- Federal entity must:

- (a) 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. These internal controls should be in compliance with the guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).
- (b) Evaluate and monitor the recipient's or subrecipient's compliance with statutes, regulations, and the terms and conditions of Federal awards.
- (c) Take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings."

We examined all the employee benefits charged to the ESSER II grant - specifically FICA, Teachers' Retirement (TRS), Employee Retirement (ERS), Health Insurance and the Welfare Trust. In our review, we noted:

### **Recommendation:**

We recommend that District officials review and strengthen their internal controls to ensure that costs charged to federal grants are accurately calculated and properly allocated in accordance with applicable requirements. In addition, the District should await instructions from the Department regarding the recovery of the unallowable costs and overcharges identified in this report.

**District's Response** – The District will review how salaries are attributed to employees being paid by a Federal grant versus the benefit periods for each employee in those positions in the Federal grant.

**Implementation Date** – June 2026

**Person Responsible for Implementation** – Christine C. Natoli – Assistant Superintendent for Business & Operations

## **Asset Management and Inventory**

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

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

1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
2. A physical inventory of the property must be taken, and the results reconciled with the property records at least once every two years.
3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.

4. Adequate maintenance procedures must be developed to keep the property in good condition.
5. If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

**Recommendation:**

We recommend that District officials review and update the District's Inventory and Control of Fixed Assets policy (Policy 6640) to fully incorporate the requirements of 2 CFR §200.313(d)(1) and strengthen internal controls to ensure staff maintain a complete, accurate, and up-to-date fixed asset inventory in compliance with federal standards.

**District's Response** – The district will look to update our Inventory and Control of Fixed Assets to include the source of the funding, who holds the title, the percentage of Federal award used and the condition. In addition, the Receiver of Goods will receive guidance in how to implement these changes.

**Implementation Date** – June 2026

**Person Responsible for Implementation** – Christine C. Natoli – Assistant Superintendent for Business & Operations

Please contact me if there are any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Christine C. Natoli". The signature is written in a cursive, flowing style.

Christine Natoli  
Assistant Superintendent for Business & Operations

Cc: Audit Committee