

**Huntington Union Free  
School District**

**INTERNAL AUDITING REPORT**

**June 30, 2010**

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## **INTERNAL AUDITING REPORT**

June 11, 2010

Board of Education and Audit Committee  
Huntington Union Free School District  
Administrative Offices  
50 Tower Street  
Huntington Station, New York 11746

Dear Members of the Board and Audit Committee:

We have performed the annual risk assessment update of the Huntington Union Free School District (the District) as required by Chapter 263 of the Laws of New York, 2005 during the fiscal year ended June 30, 2010 and we are issuing an Internal Audit Report to the District. Our risk assessment was conducted in accordance with the standards for internal audits established by the Institute of Internal Auditors and guidelines promulgated by the Department of Audit and Control and Education Department of the State of New York.

The updated risk assessment focused on the identification of the District's audit areas together with its policies and procedures, the internal controls currently in effect, as well as those that might otherwise be required or recommended. We performed a risk assessment including additional internal audit procedures of the following scope areas:

- I. Governance and Control Environment
- II. Student Performance Data
- III. Facilities Construction and Facilities Maintenance
- IV. State Aid and Grants
- V. Purchasing and Accounts Payable
- VI. Claims Audit Report
- VII. Unemployment
- VIII. Worker's Compensation
- IX. Special Education/Student Support Services
- X. Follow-up Prior Year Findings

We must emphasize that we reviewed only a sample of files. We did not examine all transactions that took place during the period of our engagement.

This report discusses the deficiencies in recording, processing, authorizing and/or documenting transactions. It does not report on the policies and procedures that were found to be reported and functioning in an appropriate manner.

During our audit, we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions regarding those matters.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various management personnel and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the use and information of the Board of Education, Audit Committee and Management of the Huntington Union Free School District and is not intended to be and should not be used by anyone other than these specified parties.

*Sheehan & Company, C.P.A., P.C.*

Sheehan & Company, C.P.A., P.C.

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**Huntington Union Free School District**  
**Updated Risk Assessment**  
**2009-2010**

Chapter 263 of the Laws of New York, 2005 requires that school districts establish an internal audit function to perform a risk assessment of district operations including, but not limited to, a review of financial policies and procedures and the testing and evaluation of district internal controls. The internal audit function shall perform an annual review and update of such risk assessment and prepare reports to the Board of Education at least annually, which analyze significant risk assessment findings, recommend changes for strengthening controls and reducing identified risk and to specify timeframes for implementation of such recommendations.

Internal controls are procedures put in place by management to help achieve the stated mission and objectives of an organization. These procedures help promote efficiency in operations, reduce risk of asset losses and ensure reliability of financial data. In addition, internal controls are designed to provide reasonable but not absolute assurance regarding the achievement of the entity's objective to promote compliance with established policy, laws and regulations. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits derived. There are inherent limitations that should be recognized in considering the potential effectiveness of any internal control system such as errors, mistakes of judgment, carelessness, collusion or other factors. For these reasons, a risk assessment is a necessary element in any organization in order to ensure that the system of checks and balances is working effectively.

Risk assessment is the entity's identification and analysis of relevant risk to the achievement of its objectives, forming a basis for determining how the risks should be managed. It should identify risk and analyze the likelihood of occurrence and impact. This process allows the Board of Education to determine how much risk they are willing to accept and to set priorities accordingly. The assessment should focus on what can go wrong that would prevent the achievement of the objectives, the likelihood and consequences of something going wrong and what actions can be taken to minimize the potential of occurrence.

In assessing risk, we consider both inherent risk; the risk associated with a system based upon the nature of the transactions processed by that system (i.e. quantity, complexity, value, etc.) and control risk; the risk that the system of internal control is not adequately designed to prevent or detect errors or irregularities.

Management is responsible for developing a system of internal controls that promotes integrity, ethical values and competence among employees in the execution of their duties and responsibilities.

We have documented the findings of the testing and assessments performed, identified and prioritized the District's significant risks and made recommendations for improvement including enhancements/corrective action.

There were no irregularities, illegal acts or indications of illegal acts that came to our attention during the audit. In the event that such findings are discovered, we will make an immediate written report to the Board of Education and Audit Committee.

## **CURRENT OBSERVATIONS AND RECOMMENDATIONS**

### **I. GOVERNANCE AND CONTROL ENVIRONMENT**

A School Board is responsible for the education of the children residing in its district and must provide for the governance and oversight of the district's affairs, personnel and properties. To address these responsibilities, the Board should establish a strong control environment, issue comprehensive policies, ensure the district operates in accordance with its mission and all legal requirements, monitor the district's financial condition and ensure the district hires qualified individuals.

Chapter 263 of the Laws of New York, 2005, Section 6, amended Education Law by adding Section 2116-a (3)(c), requiring school districts to prepare a corrective action plan in response to any findings contained in annual external audit reports or management letters, or any OSC findings within 90 days or receipt of such report or letter and a timeline for implementation of such corrective action plan.

The control environment sets the tone of an organization, influencing the control consciousness of its people. The Governing Board and other management personnel set the proper tone for the control environment when they establish and effectively communicate a code of ethics and written policies and procedures, behave in an ethical manner, observe the same rules they expect everyone else to observe and require the appropriate standard of conduct from everyone in the organization. Employees observe how management conducts itself and that conduct speaks more fluently than the written policies that management expects employees to follow.

- **Procedure Performed:**

Determine whether the Board established a strong control environment, issued comprehensive policies and ensures the District operates in accordance with its mission and all legal requirements.

**Findings and Recommendations:**

No findings or recommendations as of this date.

- **Procedure Performed:**

Review the District's financial statements, management letter and corrective action plan for fiscal year ended June 30, 2009 to determine whether the District is in compliance with Chapter 263 of the Laws of New York, 2005, Section 6, amended Education Law by adding Section 2116-a (3)(c).

### **Findings and Recommendations:**

No findings or recommendations as of this date.

The Board is involved with the District's response to the external auditor's management letter. A corrective action plan was written by the Assistant Superintendent of Finance and Management Services, reviewed by the Board and the Audit Committee and duly authorized by the Board of Education.

## **II. STUDENT PERFORMANCE DATA**

The State Education Department (the Department) issues an annual Report Card for each district to measure students' progress in each school building in a district based on information it receives annually on educational programs and services, student performance and fiscal data from each public school district and each non-public school.

The School Report Card measures the academic and fiscal performance of the district, as prescribed by the Commissioner (see CR Section 100.2(bb)). The Report Card compares local performance measures to statewide averages for all public schools and statewide averages for all public schools of comparable wealth and need. It includes any district information on pupil performance and expenditures per pupil required to be included in the annual report by the Board of Regents to the Governor and the Legislature, pursuant to Education Law Section 215-a and any other information required by the Commissioner.

The Department requires districts to submit accurate information relating to dropout, student test scores, enrollment and cohort information for publication in reports that are available to State policy makers, taxpayers and parents. The Department, state policy makers and taxpayers rely on this data when assessing district performance and allocating State aid. Districts, depending on their size and capability, may use manual or computer systems to track and report this data.

However, in the 2001-2002 school year, the Department implemented mandatory electronic reporting. The software, the System for Tracking Education Performance (STEP), replaces pencil-and-paper reports. This system provides more accurate, efficient and uniform reporting across districts and greater ability for districts to use data to improve school programs. STEP also eliminates the need for Title I high schools to submit Local Education Agency Program (LEAP) files.

To ensure student performance data are complete, accurate and submitted timely, districts should establish certain systems and processes to document, track and report this data.

- **Procedure Performed:**

Review the District's processes to record, maintain and report student performance data to ensure the District is in compliance with State Education Department Regulations and Requirements.

### **Findings and Recommendations:**

No findings or recommendations as of this date.

We found the District is in compliance with the State Education Department Regulations and Requirements with regard to student performance data.

### **III. FACILITIES CONSTRUCTION AND FACILITIES MAINTENANCE**

The Department must administer and enforce the State Uniform Fire Prevention and Building Code with respect to activities related to buildings, premises and equipment of districts (CR 441.2(d)). The uniform code applies to every facility owned or operated by a district. The Department enforces this code by requiring an annual fire inspection based on a fire inspection report process (the annual Certificate of Occupancy process) and by approving plans and specifications for all capital construction involving these facilities (building permit process).

One of a Board's responsibilities is to maintain its school buildings. Components of the District's Comprehensive Public School Safety Program help to ensure that school facilities are properly maintained and preserved and provide suitable educational settings. They include building condition surveys, annual visual inspections, five-year capital facilities plan and a monitoring system.

- **Procedure Performed:**

Review the District's Comprehensive Public School Safety Program to determine whether the District performs building condition surveys, annual visual inspections, five-year capital facilities plan and has a monitoring system in place to maintain a safe school environment.

### **Findings and Recommendations:**

No findings or recommendations as of this date.

### **IV. STATE AID AND GRANTS**

Districts are entitled to a variety of aids (formula, expense driven and categorical) from the state as a major source of funding for public education. Each of the aids requires certain claim forms to be submitted on a rigid schedule. In addition, some State and federal grants are allocated to all districts that meet certain criteria and make their applications within certain timeframes, while other grants are competitive and are awarded based on the evaluation of criteria submitted with the application.

- **Procedure Performed:**

Perform a review of the District's applications process for state aid and a review of the District's request for reimbursement process to the State Education Department to determine whether the District submits all required state aid and other forms and data in a timely manner in order to prevent the loss or delay of state aid.

**Findings and Recommendations:**

No findings or recommendations as of this date.

**V. PURCHASING AND ACCOUNTS PAYABLE**

District officials are responsible for designing internal controls that help safeguard the District's resources. Proper internal controls also normally include the segregation of various duties so that one person does not control a transaction from beginning to end such as authorizing a purchase to issuing a check for payment of the same purchase. An incompatible duty is one that would put a single individual in the position of being able to both commit an irregularity and then to conceal it. Three types of activities are commonly considered to be mutually incompatible: approving transactions, recording those transactions and having custody of or access to the resultant assets.

In districts, paying bills is an important function to maintain a satisfactory credit standing with vendors and enable a district to maintain an adequate cash flow.

The auditors performed a risk assessment of District processes over purchasing and accounts payable to determine whether they are appropriately designed to safeguard District assets.

• **Procedure Performed:**

Perform a review of the reports prepared by the District's Claims Auditors during the 2008-2009 fiscal year to assess the risk level over the purchasing and accounts payable functions and to determine whether our firm should perform a risk assessment and an audit of the processes and transactions arising in the Purchasing and Accounts Payable Department.

**Findings and Recommendations:**

No findings or recommendations as of this date.

Since all of the District's claims are already audited by the District's Claims Auditor, it is not deemed necessary to duplicate his efforts since it is not cost effective for the District.

**VI. CLAIMS AUDITOR**

An integral part of a good internal control system is the proper audit and approval of claims. Education Law requires the Board to audit and approve every claim before payment, or to appoint a Claims Auditor to assume the Board's powers and duties of doing so. The Claims Auditor assumes the Board's powers and duties for approving and disapproving claims against the District. The Board is responsible for establishing internal controls over claims processing, including policies and procedures for a proper claims audit. A certified warrant (list of claims) attests that the listed claims have each been audited and approved for payment.



- **Procedure Performed:**

Perform a review of the District's claims audit reports to determine whether they contain complete information on the audit process such as audit findings, corrective action taken by the District and contain status of questionable claims such as were they approved or disapproved by the Claims Auditor.

**Findings and Recommendations:**

No findings or recommendations as of this date.

## **VII. UNEMPLOYMENT**

Local government and school employees in New York State are covered by the State Unemployment Insurance Program except for a few excluded positions. Unlike most private businesses, governmental entities can elect to fulfill their funding obligations in one of two ways - the Tax Contribution Method or the Benefit Reimbursement Method.

The Tax Contribution Method is similar to that used by private sector employers. Under this basis, governments pay a quarterly tax based on a percentage of the first \$8,500 earned annually by each eligible employee. The employer's tax contribution rate is set annually by the Department of Labor (DOL).

The alternative to the tax contribution method is the benefit reimbursement option. Government and school employers electing this option must reimburse the Unemployment Insurance Fund for benefits paid to eligible employees. At the end of each calendar quarter, each government or school employer is billed for the total amount of benefits charged to their account for the quarter.

The District elected to fulfill its funding obligation by using the Benefit Reimbursement Method (also known as the self-funding method). The District contributes by reimbursing DOL for all unemployment benefits paid to their employees.

A notice of entitlement and potential charges is sent to the former employer when a former employee files for unemployment insurance and is determined by the DOL to be eligible for benefits. This notice also provides the municipality or school district with an opportunity to comment and specify the circumstances that resulted in unemployment.

- **Procedure Performed:**

Perform a review of the District's unemployment processes and procedures to determine whether they are effective in minimizing unemployment insurance costs.

**Findings and Recommendations:**

No findings or recommendations as of this date.

From a sample of 30 prior employees receiving unemployment benefits from the District, we tested payments to these individuals during the 2008-2009 fiscal year and found no exceptions. We found all unemployment insurance claims listed on the Notice of Reimbursable Billing from New York State Unemployment Insurance Office traced appropriately to District claim vouchers and to employee payroll files. We found no instances of prior employees receiving unemployment insurance claims that were not entitled to receive such benefits. In addition, in the past year, District officials attended hearings with the assistance of Consultech, the District's third party administrator, for matters dealing with disputes of falsely filed unemployment insurance claims.

## **VIII. WORKER'S COMPENSATION**

The District is self-insured as authorized by the Workers' Compensation Law and has a contract with Benetech, the third party administrator for workers' compensation claims.

Benetech, the insurance company, sends an accounts payable clerk in the Business Office a bi-weekly report containing check registers, claim vouchers and backup medical reports from the doctor treating district employees who are out on worker's compensation. The clerk has procedures in place to ensure claims are reviewed for accuracy and processes payment requests accordingly.

- **Procedure Performed:**

Perform a review of the District's worker's compensation processes and procedures to ensure claims are processed effectively and accurately.

**Findings and Recommendations:**

No findings or recommendations as of this date.

Based on a sampling of 27 worker's compensation claims, we found all transactions tested traced appropriately from Benetech's, the third party administrator, check register to the District's check register and supporting documentation. As a result, we concluded that the District's processes and procedures over worker's compensation claims are working effectively and accurately.

## **IX. SPECIAL EDUCATION/STUDENT SUPPORT SERVICES**

Each student with a disability who needs special education services must have an Individualized Education Program (IEP) developed by a Committee on Special Education (CSE), Subcommittee on Special Education or a Committee on Preschool Special Education (CPSE). The IEP is the document that guides the delivery of specially designed instruction to meet the student's needs. Therefore, school personnel with responsibility for implementing a student's IEP must have that information readily available to them.

Section 200.2 of the Regulations of the Commissioner requires that any copy of a student's IEP remains confidential and is not disclosed to any other person consistent with the school district's policy for ensuring the confidentiality of student records. Such policy must be developed in accordance with the confidentiality requirements in the Individuals with Disabilities Education Act (IDEA) and the Family Educational Rights and Privacy Act (FERPA).

Section 200.16 of the Regulations of the Commissioner of Education has been amended to clarify that the requirements in Section 200.4 regarding IEP implementation also pertain to the implementation of an IEP of a preschool student with a disability.

Chapter 408 of the Laws of New York, 2002 is an act to amend the Education Law, in relation to providing teachers and other service providers with a copy of a student's individualized education program. This chapter requires each public school and charter school to adopt a policy that:

- ensures that each regular education teacher, special education teacher and related service provider and other service providers who are responsible for the implementation of a student's IEP be given a copy of the student's IEP prior to the implementation of the student's special education program;
- requires that any copy of a student's IEP remain confidential and cannot be disclosed to any other person; and
- requires the chairperson of the CSE to designate a professional employee of the school district with knowledge of the student's disability and education program to, prior to the implementation of the IEP, inform each teacher, assistant and support staff person of his or her responsibility relating to the implementation of the IEP and the specific accommodations, modifications and supports that must be provided for the student in accordance with the IEP.

Under FERPA, school districts may disclose personally identifiable information in a student's education records, including the student's IEP, to school personnel with "legitimate educational interests". An IEP contains important instructional information that teachers, related service providers, paraprofessionals and others need to know to implement the IEP. An IEP often contains sensitive personal information about the student. As paper or electronic copies of IEPs are provided and individuals are informed of their IEP implementation responsibilities, school personnel must take steps to protect the student's right to confidentiality.

Section 300.50 and Sections 300.560 through 300.577 of the Code of the Federal Regulations (CFR) relate to the implementation of the confidentiality requirements of the IDEA and 34 CFR Part 99 implements FERPA (20 U.S.C. 1232g as amended December 9, 2008).

The District utilizes IEP Direct, a product of the Centris Group, is a web-based special education software which generates and maintains student IEP records and the required reports to the State Education Department. IEP Direct is used by more than 50% of the school districts and BOCES in New York State. It is designed to meet the needs of special education professionals. An IEP is generated and maintained through actions such as input, collaboration and review from a wide variety of individuals dispersed over a wide area.

## **Individualized Education Programs**

- **Procedure Performed:**

Review the process for maintaining confidential student information to determine whether the District is in compliance with Chapter 408 of the Laws of 2002, Family Educational Rights & Privacy Act, Section 200.2 of the Regulations of the Commissioner, Section 200.16 of the Regulations of the Commissioner of Education, Section 444 of the General Education Provisions Act and its regulations.

**Findings and Recommendations:**

No findings or recommendations as of this date.

- **Procedure Performed:**

Determine whether there is a signed confidentiality agreement on file as required by Chapter 408 of the Laws of 2002 for each special education teacher, psychologist, occupational therapist, speech pathologist, physical therapist and outside service providers.

**Findings and Recommendations:**

No findings or recommendations as of this date.

- **Procedure Performed:**

Review the District's processes for adding, modifying or removing access rights on IEP Direct for special education teachers, psychologists, social workers, special service provider agencies to ensure student information is accessed only by instructional personnel who have the students in their caseload.

**Finding:**

1. Access to students IEPs, for a new student or an existing student, is assigned based upon a verbal telephone request received by CSE secretaries. The request is received from special education teachers and by outside contractors. The District does not have a process in place where a CSE Chairperson authorizes permissions to student IEPs prior to access rights being issued.

**Recommendation:**

We recommend the District consider instituting a procedure whereby a written request for permissions must be completed by a special education teacher or contractor and approved by a CSE Chairperson prior to permissions being granted to student IEPs in order to ensure the privacy and confidentiality of student information.

**Response to Recommendation:**

Staff members sign a confidentiality statement annually. The District will add a statement to this form having the staff member acknowledge access rights to IEPs.

- **Procedure Performed:**

Review user level access permissions on IEP Direct for all classes of employees and outside agencies to determine whether the levels of user permissions are appropriate for the employees and vendors job duties and responsibilities.

**Finding:**

2. We found the CSE secretaries have global permissions on the District's IEP Direct web-based system. They have been given the "Central Office Level, Edit" access level on IEP Direct, which has capability of generating IEPs, modifying existing IEPs, finalizing IEPs and modifying finalized IEPs. Giving this high level of permissions to CSE secretaries over special education students' IEPs is exposing the District to a potential level of risk.

**Recommendation:**

We recommend the District consider establishing a control system to monitor the CSE secretaries when they are modifying existing IEPs, finalizing IEPs and modifying finalized IEPs. We further recommend the District utilize an approval form in order to document all instances where a CSE Chair is delegating his/her rights to the CSE secretary of modifying an IEP, finalizing an IEP or modifying a finalized IEP.

**Response to Recommendation:**

A review of any staff member who has modified a finalized IEP can be noticed by hovering over the edit, which is in red. The Director or Assistant Director can tell the date and time of any change that was made on a finalized document.

- **Procedure Performed:**

Determine whether the District has a tracking mechanism in place to track the assignment of user access rights, removal of user access rights and level of permissions on IEP Direct web-based system.

**Finding:**

3. We found the District does not have a formal written process in place to track the assignment of user access rights to student IEPs. In addition, the District does not require a supervisor or manager in each school building Special Education Office to verify access rights on students IEPs to ensure that employees or special education consultants can only view the IEPs of those students on their caseload. In addition, once access rights are issued to special education providers, the District does not perform a periodic review to ensure special education teachers are still providing services to those students they can access on IEP Direct.

**Recommendation:**

We recommend the District consider establishing an access control log or a tracking mechanism to document the assignment of access rights to student IEPs to ensure confidential student information on IEPs is safeguarded and viewed only by those district employees and contractors directly involved with the District's special education students. We also recommend the District perform a periodic review of all teachers' rosters on IEP Direct to determine whether the students listed on these rosters are still on their caseload. If any student(s) listed in the rosters are no longer in the teacher's caseload, the District should remove the student(s) names appropriately.

**Response to Recommendation:**

Procedure will be modified to resolve this. A form will be used for both new entrants and initial referrals.

The chairpersons periodically review the roster to ensure that those children are still receiving the service.

• **Procedure Performed:**

Verify whether the District periodically reviews user access accounts on IEP Direct to determine whether there are any active accounts for those special education teachers who have left the District or are out on extended leave of absence.

**Finding:**

4. We found one special education teacher who is out on extended leave of absence has an active account on IEP Direct and can view students IEPs. However, as soon as we informed management of this issue, Special Education Department personnel performed a full review of permissions on IEP Direct and corrective action was taken by the District soon thereafter.

**Recommendation:**

We recommend the Human Resources Department share information with the Special Education Office whenever a special education teacher leaves the District or goes out on extended leave of absence. Once the Special Education Office receives this notification, that teacher's user accounts should be inactivated.

**Response to Recommendation:**

Corrective action was taken by the District during the audit.

**System to Track and Account for Children Processes**

System to Track and Account for Children (STAC) and Special Aids is the unit within the New York State Education Department responsible for processing requests for Commissioner's approval for reimbursement. This includes reimbursement approval for the costs of providing services to preschool and school-age students placed in special education programs at public and SED-approved private schools, special-act school districts, BOCES and at state-supported and state-operated schools for the deaf and blind. It also includes reimbursement approval for students who have been determined to be homeless, runaway youth and for education services provided to incarcerated youth. STAC is also the process for requesting Payment of High Cost Public Excess Cost Aid and Payment of Aid for Summer School Programs for Students with Disabilities.

To have effective internal controls, duties must be adequately segregated so that no single individual controls most, or all, phases of a transaction. The work of one employee should be routinely verified in the course of another employee's regular duties. This reduces the risk that errors and irregularities could occur and go undetected and uncorrected. When it is not practical to segregate all duties because of limited staff resources, District officials should establish compensating controls, such as managerial review of an employee's work.

• **Procedure Performed:**

Review District processes over requests for commissioner's approval for reimbursement for services provided to preschool and school-age students placed in special education programs in District, at private schools, BOCES and at state operated schools to determine whether the District is requesting reimbursement from the State Education Department STAC Unit for the amount it is entitled to receive.

**Findings and Recommendations:**

No findings or recommendations as of this date.

Based upon our review of the District's STAC processes, we found they are well designed and working effectively to ensure the District is requesting for reimbursement the amount it is entitled to receive.

- **Procedure Performed:**

Determine whether there is a verification process in place whereby another District employee is reviewing the District's special education documentation and STACs reimbursement requests to verify the accuracy of said documentation.

**Findings and Recommendations:**

No findings or recommendations as of this date.

**Committee on Special Education (CSE) for Students Ages 5-21**

Special education is the term used to describe services and supports schools put in place to ensure that children with disabilities have access to the regular education curriculum at their school and can, to the extent possible, participate in school activities, classes and events. It is governed by three laws: Section 504 of the Rehabilitation Act of 1973 (Section 504), the Americans with Disabilities Act (ADA) and the IDEA passed by the U.S. Congress in 1975 and amended in 2004. IDEA guarantees children with disabilities access to a Free Appropriate Public Education (FAPE) in the Least Restrictive Environment (LRE).

**Referral Process to Committee on Special Education**

A child is referred to a CSE for testing of eligibility for special education services by either a non-parent or non-guardian such as a teacher, or by a parent or guardian. Once a referral has been made, the school district notifies the parent, who then will sign a consent form to evaluate the student.

The evaluation process should be completed within 60 days (from receipt of the consent to completion of the evaluation) unless extended by mutual agreement of the parents and the District. The regulations call for specific tests to be performed on students, which must include a physical examination, an individual psychological evaluation, an educational needs assessment, a social history and parental information, an observation of the student in the classroom and other appropriate assessments or evaluations. Once the evaluation is complete, the CSE convenes to review the results of the tests. If a child is determined in need of special education, then the CSE will send the recommendation to the Board of Education.

The regulations require that each school district's Board of Education establish a CSE to assure timely evaluation and placement of students. The regulations identify those who are to be included on the CSE. CSE members include parents, a special education teacher and a regular education teacher.

The regulations call for at least an annual review of the student's IEP where the CSE, among other things, determines how the student is progressing towards the annual goals contained in the IEP. The parents are to be notified of the review and the results of the review and periodically updated on the progress towards the annual goals. The review is to be in the parents' native



language if necessary. The regulations also call for reevaluations to be completed no less than every 3 years. The purpose of the reevaluation is to determine if the student is still eligible for special education.

- **Procedure Performed:**

Review the District's processes and procedures for the CSE Program to determine whether they are appropriately designed and working effectively and are being conducted in accordance with laws and statutes and regulations of the commissioner.

**Findings and Recommendations:**

No findings or recommendations as of this date.

We found Committee of Special Education Program is in compliance with federal and state regulations.

**Committee on Preschool Special Education for Children Ages 3 to 5**

The CPSE is a decision making committee appointed by the School Board to determine eligibility and the appropriate level of services for preschool children ages 3 to 5 years old. The CPSE is a multidisciplinary team established to conduct meetings to develop, review, or revise the IEP of a preschool student with a disability.

CPSE members are comprised of the following personnel:

- The chairperson is a professional employed by the District who is qualified to provide, or supervise the provision of special education
- Parent member/advocate
- Evaluator representative (for those children evaluated for the first time)
- Child's teacher (if applicable)
- Early Intervention Official (EIO) designee (for those children transitioning from the EIP)
- County representative

The steps to accessing services through the CPSE are established in New York State Education Law (4410) and the commissioner's regulations and provide parents and their children with certain rights.

A referral to CPSE is a written statement asking the District to evaluate the child to determine if he or she needs special education services. Various people can make a referral to the CPSE including the parent, a doctor, a judicial officer, a designated person in a public agency or someone from an Early Childhood Direction Center, an approved preschool program or the EIP. Once the referral has been made, parental consent is required for the child to be evaluated.

If a determination is made at the transition conference to refer the child to the CPSE, and the parent consents to the referral, the EIO, a public official appointed by the county where the child resides must refer the child in writing to the chairperson of the CPSE in the school district in which the child resides. If the parent does not participate in the transition conference, the EIO is still responsible for referring the child to the CPSE, with parental consent, if the EIO believes the child is potentially eligible for services under Section 4410 of the Education Law. The referral must specify the extent to which the child has received EIP services prior to the referral.

A CPSE chairperson who receives a referral must immediately notify the parent by telephone or in writing that a referral has been received and request consent for evaluation of the child. The parent's consent to the evaluation by the CPSE must be in writing and must be returned by the parent to the CPSE. In order to avoid unnecessary disruption of programs and services, it is important for parents to respond as quickly as possible with written consent to evaluate their children, to ensure an eligibility determination can be made by the CPSE before the children's third birthday.

Once written parental consent to evaluate a child has been received, the CPSE must assure that the process to determine a child's eligibility and need for special education programs and services is initiated and completed in time for children to begin receiving services on the third birthday or the first date of eligibility, whichever comes first.

If the parent does not provide consent for an individual preschool evaluation, the CPSE is required to follow-up with the parent to ensure that the parent has received and understands the request for consent. The parent should be advised by the CPSE and service coordinator that if parental consent is not given within sufficient time for an evaluation and eligibility determination by the CPSE before the child's third birthday, the child's and family's participation in the EIP will end on the child's third birthday and a transition plan will be developed, which may include referral to other services (e.g. Head Start or other early childhood services).

- **Procedure Performed:**

Review the District's processes and procedures for the CPSE, Pre-School Special Education Program, Early Intervention Pre-School Program and Universal Pre-Kindergarten Program to determine whether they are appropriately designed and working effectively.

**Findings and Recommendations:**

No findings or recommendations as of this date.

Based upon a review of the District's processes and procedures for the Committee of Pre-School Special Education, we found the District has good internal control systems in place over this program. We also found the District is in compliance with New York State Education Law, Section 4410.

- **Procedure Performed:**

Determine whether there is a process in place whereby another District employee is reviewing District documentation and STAC forms prepared for these programs.

**Findings and Recommendations:**

No findings or recommendations as of this date.

**X. FOLLOW-UP PRIOR YEAR FINDINGS**

**HUMAN RESOURCES**

- **Procedure Performed:**

Perform a follow-up to determine whether the District has taken corrective action from prior year finding by requiring a personnel file be established in the Personnel Department for all employees on District payroll.

**Findings and Recommendations:**

No findings or recommendations as of this date.

Since February 2009, the clerks in the Personnel Department generate personnel files for all new hires. In addition, we found personnel files were established for the employees files mentioned in the prior year internal audit report.

**EMPLOYEE ATTENDANCE**

- **Procedure Performed:**

Determine whether the District has standardized procedures in place to accurately capture employee attendance data.

**Findings:**

1. Repeat finding. We found attendance taking procedures are not standardized throughout the District.

**Recommendations:**

We recommend the District consider standardizing attendance taking procedures in order to improve the accuracy of attendance data and to allow the District to accurately disseminate the information to management and the Payroll Department.

- **Procedure Performed:**

Determine whether all District employees are required to utilize sign-in sheets.

**Finding:**

2. Repeat finding. We found certain instructional employees in the Jefferson Primary School are not required to sign a daily attendance record. In addition, we found clerical employees in most district locations are also not required to sign a daily attendance record.

**Recommendation:**

We recommend the District should consider requiring all District employees to utilize sign-in sheets in order to improve timekeeping accountability and to ensure that the District's expenditures are allocated appropriately.

- **Procedure Performed:**

Determine whether there are any instances where the time of arrival to the assigned work location and the time of departure from the District are not indicated on the District's sign-in sheets.

**Finding:**

3. Repeat finding. We found certain classes of employees, instructional, aides, security guards and clericals are required to sign their name on the District's sign-in sheets but they are not indicating the time of arrival and departure from their assigned work location.

**Recommendations:**

We recommend the District should consider requiring all District employees to indicate the time of arrival and departure from their assigned location in order to improve accountability of the attendance process but also to ensure that expenses are allocated appropriately.

- **Procedures Performed:**

Determine whether there are any instances where employees are required to indicate the time of arrival and departure from their assigned location on the District's sign-in sheets, but they are not required to sign their name on these documents.

**Finding:**

4. Repeat finding. We found certain categories of employees are indicating on their sign-in sheets the time of arrival and departure from their assigned work location, but they are not required to sign their name on these documents.

**Recommendations:**

We recommend the District should consider improving internal controls over the attendance process by requiring all District employees to sign their name on the sign-in sheets to improve the District's accountability of the attendance taking process and ensure District expenses are allocated appropriately.

- **Procedure Performed:**

Determine whether there are any instances where employees sign in and out of the building in the morning upon arrival to the building.

**Finding:**

5. Repeat finding. We found certain employees sign in and out of the building in the morning upon arrival to their assigned location at the Huntington High School, Finley Middle School, Woodhull Intermediate School, Jack Abrams Intermediate School, Southdown Primary School, Washington Primary School, Flower Hill Primary School and Jefferson Primary School. This is an internal control weakness especially since some of these instances are occurring with hourly employees.

**Recommendations:**

We recommend that the District consider requiring employees sign out of the building at the end of their shift in order to maintain accurate attendance data and in order to ensure expenses are charged appropriately.

- **Procedure Performed:**

Determine whether there is a process in place whereby an employee at each District location is responsible for comparing information contained on sign-in sheets against the Attendance Worksheets in order to ensure attendance information is accurate and reliable before the Attendance Worksheets are remitted to the Payroll Department for recording purposes.

**Finding:**

6. Repeat finding. We found the District does not have a procedure in place to allow a District employee to verify the accuracy of the Attendance Worksheets prepared by the various attendance clerks and tracing the information to the sign-in sheets before the Attendance Worksheets are remitted to the Payroll Department for recording purposes.

**Recommendations:**

We recommend the District should consider assigning the responsibility of verifying the accuracy of the attendance information on the Attendance Worksheets against the information on sign-in sheets to ensure attendance information is accurate and reliable and that the District's expenditures are allocated appropriately.

- **Procedure Performed:**

Determine whether the District requires sign-in sheets be remitted to the Payroll Department as supporting documentation for the Attendance Worksheets, which are utilized to record employee absences and leave accruals.

**Finding:**

7. Repeat finding. We found the District has no process in place requiring sign-in sheets be remitted to the Payroll Department as supporting documentation to Attendance Worksheets.

**Recommendations:**

We recommend the District should consider requiring all Attendance Clerks to remit sign-in sheets and Attendance Worksheets to the Payroll Department on a weekly basis in order to improve the District's accountability over the attendance process and to ensure the District's expenses are charged appropriately.

**INFORMATION TECHNOLOGY**

- **Procedure Performed:**

Perform a follow-up to determine whether the District has taken corrective action from prior year finding to establish a formal Disaster Recovery Plan (DRP).

**Findings and Recommendations:**

No findings or recommendations as of this date.

The District established a formal DRP in January 2008 and tested the plan's effectiveness in February 2009. Based upon our review of the plan, we feel it is well designed and appropriate to safeguard District assets.

- **Procedure Performed:**

Determine whether the Board has adopted a computer use policy for District administrators and employees.

**Findings and Recommendations:**

No findings or recommendations as of this date.

The District adopted Computer Use Policy #6470, Staff Use of Computerized Information Resources on June 11, 2001.