

AUDIT REPORT



CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF FINANCIAL AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

Audit Report on the Financial and Operating Practices of Community School District 15

FP03-091A

June 30, 2003



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York

Ladies and Gentlemen:

In accordance with the responsibilities of the Comptroller contained in Article 52-A, § 2590m, of the New York State Education Law, my office has examined the financial and operating practices of Community School District 15 (District 15). The audit determined whether District 15 complied with certain procedures for purchasing, imprest fund expenditures, and timekeeping, as set for in the Standard Operating Procedures Manual (SOPM) for Financial Management Centers and with Chancellor's Regulations. The results of our audit, which are presented in this report, have been discussed with officials from the Department of Education, and their comments have been considered in preparing this report.

Audits such as this provide a means of ensuring that Community School Districts are following Department of Education guidelines and that government dollars are being used appropriately and in the best interest of the public.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please contact my office at 212-669-3747 or e-mail us at audit@Comptroller.nyc.gov.

Very truly yours,

A handwritten signature in cursive script that reads 'William C. Thompson, Jr.'.

William C. Thompson, Jr.

WCT/GR

Report: FP03-091A
Filed: June 30, 2003

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*The City of New York
Office of the Comptroller
Bureau of Financial Audit*

**Audit Report on the
Financial and Operating Practices of
Community School District 15**

FP03-091A

AUDIT REPORT IN BRIEF

We performed an audit of Community School District 15 (District 15) to determine whether it complied with applicable Department of Education (Department) procedures for purchasing, imprest fund expenditures, and timekeeping. District 15, in Brooklyn, comprises 38 schools that serve more than 20,000 students from Park Slope, Sunset Park, Carroll Gardens, and adjacent communities, who attend 25 elementary schools and 13 middle or intermediate schools.

Audit Findings and Conclusions

Our review disclosed that the District 15 generally complied with applicable Department procedures for purchasing. District 15 generally spent its funds on purchases that were reasonable and necessary for the operation of the schools and facilities. In addition: purchase orders were coded correctly; funds were properly encumbered before invoices were paid; and invoices and supporting documentation generally supported OTPS payments.

However, we found that District 15 did not comply with certain provisions of the Standard Operating Procedures Manual (SOPM) for Financial Management Centers pertaining to purchasing and inventory management. Specifically, District 15 processed purchase orders without the approval of a District 15 official and did not always maintain supporting documentation in its files describing the items purchased, and indicating whether the items were actually received. In addition, we noted that most schools visited did not maintain adequate controls over their textbooks, library books, and equipment inventories. Consequently, certain items purchased by District 15 on behalf of the schools could not be accounted for. In addition, certain supplies and equipment that were purchased by District 15 for the schools as far back as September 2001 were never used.

Moreover, District 15 did not always follow timekeeping requirements of the Chancellor's Regulations. Specifically, District 15 did not: obtain authorization forms from employees using vacation and sick leave; ensure that employees signed in or out when arriving to and departing from work; identify and correct discrepancies in time records; and ensure that time cards were reviewed and approved by appropriate personnel.

Audit Recommendations

To address these issues, the audit made nine recommendations, including that Department Officials should:

- Ensure that all purchase documents are approved, in accordance with the SOPM.
- Ensure that all expenditures are properly supported by purchasing documentation, in accordance with the SOPM.
- Implement a supervisory review process that ensures that all documents are on file.
- Ensure that the schools maintain complete and accurate inventory records for books and equipment.
- Ensure that timekeeping transactions are carefully reviewed so that timekeeping errors are avoided.

INTRODUCTION

Background

The current structure of the New York City public school system that includes 32 local Community School Districts (CSD) was created by New York State law more than 30 years ago. In response to social and parental desire for more community control of the schools, New York State law established the 32 CSDs, each having its own locally elected school board.¹ The Boards were responsible for selecting the individual CSD superintendents who in turn were responsible for managing the elementary and middle schools within their respective CSDs. Recent legislation changed the reporting structure within the system and eliminated the New York City Board of Education, making the system's central administration a mayoral agency, the Department of Education (Department). The Schools Chancellor, rather than the local school boards, is now responsible for selecting the individual CSD superintendents. In January 2003, the Mayor and the Chancellor announced that starting with the September 2004 school year, the 32 CSDs would be administratively reorganized into ten instructional regions, headed by regional superintendents, and six operational centers to provide support.

Community School District 15 (District 15), in Brooklyn, comprises 38 schools that serve more than 20,000 students from Park Slope, Sunset Park, Carroll Gardens, and adjacent communities, who attend 25 elementary schools and 13 middle or intermediate schools. Total funds expended by or on behalf of District 15 for Fiscal Year 2002 were approximately \$212,776,425. District 15 is required to comply with Department Standard Operating Procedures for Financial Management Centers (SOPM) and Chancellor's Regulations.

¹ There are also other districts with appointed superintendents—e.g., superintendents for borough high schools, for special education, and others; however, these districts do not have elected boards.

This is one in a series of audits conducted in accordance with Article 52-A, § 2590m, of the New York State Education Law that requires that the Comptroller audit the accounts of the New York City Board of Education (now the Department) and each Community School District and report the results of those audits at least once every four years.

Objective

This audit was conducted to determine whether District 15 is complying with applicable Chancellor's Regulations and Department of Education procedures for purchasing, imprest fund expenditures, and timekeeping.

Scope and Methodology

The audit covered the period from July 1, 2001, through June 30, 2002.

We reviewed the SOPM to obtain an understanding of the procedures and regulations with which the District 15 is required to comply. We interviewed District 15 staff members to obtain an understanding of its purchasing, imprest fund, inventory, and timekeeping policies and procedures.

We reviewed District 15 compliance with the bidding requirements of the SOPM. Specifically, of the 19 District 15 "full-value" vendor contracts awarded for Fiscal Year 2002 totaling \$881,502, we reviewed the three highest value contracts,² totaling \$295,000.

To ensure that District 15 and its schools followed proper procurement procedures, we selected 484 payments totaling \$3,807,454, of the 8,304 payments totaling \$10,020,308, recorded in the Department's Financial Accounting Management Information System (FAMIS) for Fiscal Year 2002. We examined purchase orders for requisite approvals, authorizations, and for information indicating that the transactions were for legitimate business purposes. In addition, we determined whether each form was correctly coded and that funds were properly encumbered. We reviewed supporting documentation, which included vendor invoices, proof of receipt for goods or services, and, if required, documentation of competitive bids solicited. We also determined whether each payment amount was accurately recorded in FAMIS by comparing the recorded amount to the invoice amount and other supporting documentation. See Appendix A for the specific accounts, population, and sample details.

We visited 38 District 15 schools from April 2, 2003, through May 9, 2003, to determine whether items purchased by the schools or by District 15 for the school were on hand, recorded on inventory records, and properly safeguarded. We judgmentally selected for review 48 purchases (totaling \$341,305) of non-consumable high-risk items of the 484 total purchases.

To determine whether District 15 was in compliance with imprest fund procedures specified in the SOPM, we randomly sampled 50 transactions, totaling \$8,220, from the Fiscal Year 2002 imprest fund expenditures of \$436,829 (2,827 transactions). We examined the "Authorization for Imprest Fund Expenditure" form for requisite approvals and authorizations. In addition, we determined whether each form was correctly coded. We reviewed supporting

² A full-value contract is for a one-time purchase of a specific item(s) at a specific dollar amount.

documentation, including vendor invoices, employee expense forms, and proof of receipt for goods or services. We ascertained whether each imprest fund expenditure was within its allowable amount for a particular vendor or item.

To determine whether the District 15 complied with the Chancellor's Regulations for timekeeping, we reviewed the attendance records of 62 employees who were listed on its payroll records in December 2001—34 Administrative staff, 25 Teachers and Supervisors, and three Family Workers and School Aides. Specifically, we determined whether work hours were properly documented on the time records for all District 15 assigned staff.

Our audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) and included tests of the records and other auditing procedures considered necessary. This audit was performed in accordance with the City Comptroller's audit responsibilities as set forth in Chapter 5, § 93, of the New York City Charter and Article 52-A, § 2590m of the New York State Education Law.

Discussion of Audit Results

The matters covered in this report were discussed with officials from the Department of Education during and at the conclusion of this audit. A preliminary draft report was sent to Department of Education officials and discussed at an exit conference held on June 10, 2003. On June 11, 2003, we submitted a draft report to Department of Education officials with a request for comments.

We received a written response from the Department on June 27, 2003. In its response, the Department stated that "the District and schools agreed with all nine of the recommendations that deal with compliance procedures for purchasing, inventory management, imprest fund expenditures, and timekeeping procedures." However, the Department "does not believe that the conclusions reached in some of the findings are valid based on the evidence." The full text of the comments from the Department is included as an addendum to this report.

FINDINGS AND RECOMMENDATIONS

Our review disclosed that the District 15 generally complied with applicable Department procedures for purchasing in that District 15 generally spent its funds on purchases that were reasonable and necessary for the operation of the schools and facilities. In addition: purchase orders were coded correctly; funds were properly encumbered before invoices were paid; and invoices and supporting documentation generally supported OTPS payments.

However, we found that District 15 did not comply with certain provisions of the SOPM and Chancellor's Regulations pertaining to purchasing and inventory management. Specifically, District 15 processed purchase orders without the approval of a District 15 official and did not always maintain supporting documentation in its files describing the items purchased, and indicating whether the items were actually received. In addition, we noted that most schools visited did not maintain adequate controls over their textbooks, library books, and equipment inventories. Consequently, certain items purchased by District 15 on behalf of the schools could not be accounted for. In addition, we noted that certain supplies and equipment that were purchased by District 15 for the schools as far back as September 2001 were never used.

Moreover, District 15 did not always follow timekeeping requirements of the Chancellor's Regulations. Specifically, District 15 did not: obtain authorization forms from employees using vacation and sick leave; ensure that employees signed in or out when arriving to and departing from work; identify and correct discrepancies in time records; and ensure that time cards were reviewed and approved by appropriate personnel.

These issues are discussed in detail in the following sections of this report.

Purchasing Weaknesses

Procurements Lacked Authorizations

District 15 did not ensure that all purchase orders were signed by a District 15 official, in accordance with the SOPM. Specifically, 283 of 484 purchase orders reviewed lacked such approvals.

Recommendation

1. Department Officials should ensure that all purchase documents are approved, in accordance with the SOPM.

Department Response: "Every purchase order was stamped with the Superintendent's signature; however, the auditors are looking at copies that may not show the stamp. Will continue to ensure that copies will reflect the approval stamp."

Missing Documentation

District 15 maintained no documentation supporting five payments (totaling \$28,258) of the 484 payments reviewed. Specifically, District 15 did not provide purchase orders, invoices describing the items purchased, and documentation indicating whether the items were actually received.

Recommendations

Department Officials should:

2. Ensure that all expenditures are properly supported by purchasing documentation, in accordance with the SOPM.
3. Implement a supervisory review process that ensures that all documents are on file.

Department Response: “District 15 has submitted the necessary documentation for the 2 out of 5 payments noted in the finding. As you know, District 15 has been audited by 5 different sets of monitors for the same period. Some documentation was misplaced. The supervisory review process is in place. District 15 should be commended that out 484 purchase orders reviewed, only 3 were missing documentation. Will continue to ensure that all documentation is attached to the purchase order.”

Inventory Control Weaknesses

Thirty-three of the 38 schools visited did not maintain inventory records for books and equipment in accordance with the SOPM, which states, “All equipment, educational and administrative supplies stored in large quantities, textbooks and other computer software should be inventoried regardless of funding source.” As a result, certain sampled items could not be accounted for.

For example, Middle School 51 was unable to locate six sets of books costing \$7,784 that they received January 3, 2002. As another example, Middle School 378 could not locate 57 textbooks costing \$2,119 that they received September 26, 2001.

Recommendation

4. Department Officials should ensure that the schools maintain complete and accurate inventory records for books and equipment.

Department Response: “An E-mail has been sent to all schools to require principals to maintain and update annually an inventory record.”

Middle School 51 Response: “The weakness indicated at William Alexander Middle School 51 - auditors were unable to locate six sets of books costing \$7,784.00 received 1/3/02.

“Be advised that my Assistant Principal and I walked auditors into several bookrooms. At NO time did auditors find ANY discrepancies or indicate to me or my staff that books were missing or could not be located.

“Auditors returned to William Alexander Middle School 51 to look for items ordered from the District and sent to individual schools – science classroom libraries and equipment closets. All were found and in use.

“The inventory record was not kept on cards but on an excel spreadsheet. The books on the purchase order from the District Office are instructional materials that do not need to be recorded on an inventory ledger.”

Carroll Gardens School (#378) Response: “Carroll Gardens Community School will update and maintain inventory records on a quarterly basis. The last 2 years books were not returned by students.”

Auditor Comment: Middle School 51’s response is somewhat disingenuous. As stated by the principal, auditors visited the school on two separate occasions. During these visits the auditors were looking for the items purchased on four separate purchase orders. The items ordered on three of these purchase orders were found and were in use. However, as stated previously six sets of books costing \$7,784 were not found, which was told to the principal.

Unused Items Purchased

We noted that eight of the 38 schools visited had books and other equipment, received as far back as April 2002, that were never used. In fact, many of the items were still sealed in their original boxes. Some of these items have warranties that may expire even before the schools verify whether the items are working. The SOPM states that “storage sites be reviewed periodically to make sure that all supplies and equipment are being fully utilized and that items are neither overstocked nor under stocked.” The unused items are as follows:

- Five projectors (at Public School 24) costing approximately \$670 that were received in June 2002 were still in their original boxes;
- At Public School 130, 50 pieces of electronic equipment including 36 walkmen, eight tape recorders, two televisions, two headphones, one radio, and one DVD player were still sealed in their original boxes. These items were received in April and October 2002 at an approximate cost of approximately \$2,100;
- 160 books (at Public School 130) costing \$2,044 that were received in April 2002;
- 165 textbooks (at the Secondary School for International Studies) costing approximately \$6,894 that were received in May 2002;
- 360 textbooks and 12 teaching kits (at the School for Global Studies) costing \$6,043, that were received in April 2002; and

- 18 sets of books (Middle School 88 and the School for Global Studies) costing \$7,128 that were received in April 2002.

Recommendation

Department Officials should:

5. Periodically inspect school inventories to identify unused supplies and equipment. All unneeded items should be transferred to other schools where they can be used immediately.
6. Ensure that all new equipment is properly functioning when it is received.

Public School 24 Response: “Inspected school inventory of identified 5 overhead projectors.

“Opened and distributed to other educational spaces that either had old or non-functioning projectors.”

Public School 130 Response: “In keeping with SOPM-storage sites will be reviewed periodically to make sure all supplies and equipment are being fully utilized and that items are neither overstocked nor understocked. The storage site inspections will be made the first week in the month of October, January and April.

“All new equipment will be checked to insure proper functioning upon delivery, effective immediately.”

Middle School 88 Response: “Designated Administrators from MS 88 will periodically check and monitor that all books are distributed and proper inventory is documented.”

Middle School 496 Response: “Foreign Language textbooks identified in audit were purchased by former Principal, Anthony Randazzo, in anticipation of a foreign language being offered in connection with the school’s Mission.”

The Brooklyn School for Global Studies Response: “All books have been removed from boxes and placed on bookshelves and cabinets in the classroom. (It has come to our attention that the previous teacher for this class had used the books and for lack of storage space had put them back inside of the cartons.)

“School is in process of revising our current book inventory procedures. New personnel has been assigned to conduct and maintain book inventory.

“New equipment is always removed from cartons properly labeled, warranties completed and serial numbers added to inventory and merchandise is restored in original packaging for future use.

“School will periodically inspect school inventories to identify unused supplies and equipment. All unneeded items should be transferred to other schools where they can be used immediately.

“School will ensure that all new equipment is functioning properly when it is received.”

Lack of Documentation for Imprest Fund Payment

Although District 15 generally complied with the SOPM in administering its imprest fund, it did not maintain adequate documentation to support one payment totaling \$230. According to the SOPM, “Original receipts (invoices) must be obtained for each imprest fund payment.”

Recommendation

7. Department Officials should maintain vendor invoices to support all imprest fund payments.

Department Response: “There was only one payment in question out of 50 sample imprest funds lacking documentation. However, we will continue to maintain vendor documentation to support imprest payments.”

Timekeeping Weaknesses

Our review of the December 2001 timekeeping records for the 62 sampled employees disclosed the following:

- 58 instances in which 27 employees did not sign in or out when arriving to and departing from work;
- 28 instances in which 10 employees did not submit leave authorization forms;
- 39 instances, totaling 13 hours, in which ten employees were not charged for being late;
- 14 instances in which 10 employees were undercharged a total of 17 hours for leave used;
- 14 instances in which six employees were not charged vacation or sick leave, even though the employees’ time cards indicated no hours had been worked on those days.
- 9 instances in which an employee’s time card lacked evidence of supervisory review.

Recommendations

Department Officials should ensure that:

8. Timekeeping transactions are carefully reviewed so that timekeeping errors are avoided.
9. Employees submit authorized leave slips for all leave time used.

Department Response: “The auditor claims that there were 58 instances in which 27 employees did not sign in or out when arriving to and departing from work.

“It is not 58 instances – It is only 32 instances due to the fact that on 1 instance, the 21st of December, the superintendent approved the early departure of all district staff; when they came back from the Christmas vacation, the January timecards were in the bin instead of the December ones; this is why they forgot to have their supervisors approve their early departure. We will ensure that supervisors sign timecards.

“28 instances in which 10 employees did not submit leave authorization forms. During Christmas, February and Easter breaks, the District issue memoranda to all employees who request a leave. They have to have this memorandum approved by their supervisors. Then forms were signed by supervisor. This replaces the leave authorization forms. However, we were unable to give them all the copies because they were being boxed to be stored as a result of the reorganization of the Department of Education.

“The 3rd and 4th bullets are written up incorrectly. They show that the District allowed employees to work less their full complement of their work schedule. The audit failed to explain that they had made up all the hours up to their 35-hours week schedule in working late some nights and arriving late the following day. We will continue to ensure that the time is well accounted for as a current practice.

“The 5th bullet doesn’t clarify the fact that 4 out of the 6 employees were either 10 months Assistant Principal or teachers who don’t work Christmas vacation thus cannot be charged for being absent because of their contract. The Board pays for these vacations. The remaining two are SAPIS [Substance Abuse Prevention and Intervention Specialist] workers and DC37 was not available to comment on their rights. We will pursue this and make adjustments if necessary.”

Auditor Comment: Contrary to the Department’s response, six employees cited in the report did not include assistant principals or teachers. Four of the cited employees were SAPIS workers, one was a clerical associate and one was an executive assistant. Therefore, they should have been charged for all days they were absent from work.

Community School District 15							
OTPS Audited Object Codes	Total #		Sample Selection Basis	Total # of Items Sampled	Total Dollars Sampled	Inventory Sub-Sample	
	of Items	Total Dollars				Total # of Items Sampled	Total Dollars Sampled
602 Telecommunications Maintenance	17	\$ 290,183	100%	17	\$ 290,183	1	\$ 3,359
332 Comp/Data Process Equip	30	\$ 154,458	100%	30	\$ 154,458	5	\$ 18,713
485 Tuition Expenses	10	\$ 70,425	100%	10	\$ 70,425		
337 Textbook/Workbooks	2,204	\$ 1,454,205	Judgmental	39	\$ 352,330	23	\$ 201,594
689 Professional Services - Curriculum and Professional Staff Development	100	\$ 1,275,878	Judgmental	36	\$ 1,066,630		
685 Consulting/Staff Development	159	\$ 1,067,780	Judgmental	27	\$ 572,485		
402 Telephones & Comm	134	\$ 570,090	Judgmental	13	\$ 504,734		
338 Library Books	635	\$ 514,128	Judgmental	20	\$ 233,949	8	\$ 70,548
433 Rental Copying Equip	690	\$ 220,627	Judgmental	12	\$ 46,676		
612 Equipment maintenance and repair	499	\$ 182,814	Judgmental	9	\$ 31,396		
199 Educational/Instructional Software	50	\$ 178,111	Judgmental	21	\$ 165,746		
315 Equipment Purchases ther than Computers	140	\$ 147,921	Judgmental	43	\$ 112,256	9	\$ 38,062
403 General Services (i.e. dues, rental of safe-deposit boxes, inspection fees, moving costs)	56	\$ 120,370	Judgmental	17	\$ 106,644		
314 Furniture Purchases	63	\$ 113,700	Judgmental	25	\$ 99,542	2	\$ 9,030
489 Parent Activity Fund	88	\$ 56,891	Judgmental	15	\$ 31,241		
130 Instructional Supplies	2,841	\$ 2,228,896	Random	50	\$ 51,794		
670 Payments to Contract Schools and Camps (not for use by Elem., JHS, and HS)	129	\$ 1,139,378	Random	50	\$ 431,897		
198 Gen Office Supplies	459	\$ 234,456	Random	50	\$ 19,884		
Total	8,304	\$ 10,020,308		484	\$ 3,807,454	48	\$ 341,305
Contracts							
Full Value Contracts	19	\$ 881,502	Judgmental	3	\$ 295,000		
Imprest Fund	2,827	\$ 436,829	Random	50	\$ 8,220		



THE NEW YORK CITY DEPARTMENT OF EDUCATION

JOEL I. KLEIN, *Chancellor*

CHAD VIGNOLA, *General Counsel*

June 27, 2003

Gary H. Rose, Director of Financial Audits
The City of New York
Office of the Comptroller
1 Centre Street, Room 1300 North
New York NY 10007-2341

Re. Draft Audit Report on the Financial and
Operating Practices of Community School
District 15 (FP 03-091A)

Dear Mr. Rose:

Enclosed is the Department of Education's (DOE) response to the findings and recommendations made in the above draft audit report.

The District and schools agreed with all nine of the recommendations that deal with compliance procedures for purchasing, inventory management, imprest fund expenditures, and timekeeping procedures. As you know, effective July 1, 2003, DOE will reorganize the 32 local community school districts into 10 Regional Instructional Divisions and six Regional Operation Centers. Therefore, the implementation of the nine recommendations will be the responsibility of the newly created Regional Centers. The Office of Auditor General will submit a copy of this audit report to the applicable regional center and we will follow-up with the Regional Center during our next round of Regional/School audits.

Although we are pleased the report noted that the district, in general, has complied with the applicable procedures, we do not believe that the conclusions reached in some of the findings are valid based on the evidence. For example, recommendations two and three concerning missing documentation are based on only five out of 484 reviewed transactions and there was a supervisory review process in place. Additionally, recommendation seven states that vendor invoices should be maintained to support imprest fund transactions but there was only one payment out of 50 that was missing an invoice. We would also like to note that MS 51 disagreed with recommendation number 4. The school did maintain inventory records on an excel spreadsheet and the auditors were able to locate the items which were in use.

Sincerely,

Andrew Levine,
Deputy Auditor General

AL:ds
Enclosures

C: Joel I. Klein
Bruce Feig
Donna Rey
Magda Dekki

LaVerne Srinivasan
Chad Vignola
Carmen Farina
Dominick Cavallo

Kathleen Grimm
Louis Benevento
Jack Cohen
Nader Francis

New York City Department of Education
Office of Auditor General
External Audit Services

Page 1 of 1

Response Date: 6/20/03

Audit Title: Audit Report on the
Financial and Operating Practices of
Community School District 15

Auditing Agency: Office of the Comptroller-Bureau of Financial Audi
District 15

Draft Report Date: June 11, 2003

Audit Number: FP03-091A (Page 5, Recommendation #1)

Recommendation Which the Agency Agrees With

Department Officials should ensure that all purchase documents are approved, accordance with the SOPM.

Response to Recommendation

Every purchase order was stamped with the Superintendent's signature; however, the auditors are looking at copies that may not show the stamp. Will continue to ensure that copies will reflect the approval stamp.

Target Implementation Date

September 1, 2003

Responsibility Center

K815

Signature: 
Print Name: Magda Dekki

6/20/03

Print Title: Director of Operations

New York City Department of Education
Office of Auditor General
External Audit Services

Page 1 of 1

Response Date: 6/20/03

Audit Title: Audit Report on the
Financial and Operating Practices of
Community School District 15

Auditing Agency: Office of the Comptroller-Bureau of Financial Audit
District 15

Draft Report Date: June 11, 2003

Audit Number: FP03-091A (Page 6, Recommendation #2, 3)

Recommendation Which the Agency Agrees With

Ensure that all expenditures are properly supported by purchasing documentation, in accordance with the SOPM.

Implement a supervisory review process that ensures that all documents are on file.

Response to Recommendation

District 15 has submitted the necessary documentation for the 2 out of 5 payments noted in the finding. As you know, District 15 has been audited by 5 different sets of monitors for the same period. Some documentation was misplaced. The supervisory review process is in place. District 15 should be commended that out of 484 purchase orders reviewed, only 3 were missing documentation. Will continue to ensure that all documentation is attached to the purchase order.

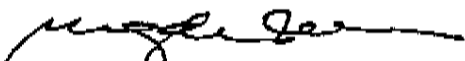
Target Implementation Date

September 2003

Responsibility Center

K815

Signature:



Print Name: Magda Dekki

6/20/03

Print Title: Director of Operations

New York City Department of Education
Office of Auditor General
External Audit Services

Page 1 of 3

Response Date: 6/20/03

Audit Title: Audit Report on the
Financial and Operating Practices of
Community School District 15

Auditing Agency: Office of the Comptroller-Bureau of Financial Audit
District 15

Draft Report Date: June 11, 2003

Audit Number: FP03-091A (Page 6, Recommendation #4)

C. Recommendation which the Agency
Agrees with but is Pending Implementation

Department Officials should ensure that the schools maintain complete and accurate inventory records for books and equipment.

Response to Recommendation

An E mail has been sent to all schools to require principals to maintain and update annually an inventory record. (See attached copy of E mail)

Target Implementation Date

June 2003

Responsibility Center

K815

Signature: 

Print Name: Magda Dekki

6/20/03

Print Title: Director of Operations

Dekki Magda

From: Dekki Magda
To: & District 15 Principals
Cc:
Subject: NYC Comptroller's Audit
Attachments:

Sent: Thu 6/16/2003 11:32 AM

The Comptroller's office visited 33 schools in District 15 and found that schools didn't maintain inventory records for books & equipment in accordance with the SOPM. The policy states that an inventory record for textbooks & equipment must be maintained at the school level and updated annually.

Please ensure that in the upcoming school year, an inventory record for textbooks and equipment is maintained & updated for your school building.

Thank you very much.

New York City Department of Education
Office Auditor General
External Audit Services

Page 2 of 3

Response Date: June 18, 2003

Audit Title: Audit Report on the
Financial and Operating Practices of
Community School District 15

Auditing Agency: Office of the Comptroller-Bureau of Financial Audit

M51

Draft Report Date: June 11, 2003

Audit Number: FP03-091A (Page 6, Recommendation #4)

**D. Recommendation which the Agency Agrees or Disagrees with and will not
Implement (circle one)**

Department officials should ensure that school maintains complete and accurate records for books and equipment.

Response to Recommendation

The weakness indicated at William Alexander Middle School 51 – auditors were unable to locate six sets of books costing \$7,784,000 received 1/3/02.

Be advised that my Assistant Principal and I walked auditors into several bookrooms. At NO time did auditors find ANY discrepancies or indicate to me or my staff that books were missing or could not be located.

Auditors returned to William Alexander Middle School 51 to look for items ordered from the District and sent to individual schools – science classroom libraries and equipment closets. All were found and in use.

The inventory record was not kept on cards but on an excel spreadsheet. The books on the purchase order from the District Office are instructional materials that do not need to be recorded on an inventory ledger.

Responsibility Center

M51

Signature: Xavier Castelli

Print Name: Xavier Castelli

6/20/03

Print Title: **Principal**

NEW YORK CITY DEPARTMENT OF EDUCATION
OFFICE OF AUDITOR GENERAL
External Audit Services

PAGE 3 OF 3

Carroll Gardens School (#378)

RESPONSE DATE: June 16
2003

AUDIT TITLE: _____

AUDITING AGENCY: _____

DIVISION: 8

DRAFT REPORT DATE: _____

AUDIT NUMBER: FP03-091A

A. RECOMMENDATION WHICH THE AGENCY
HAS IMPLEMENTED

Department officials should ensure that the schools maintain complete and accurate inventory records for books and equipment.

RESPONSE TO RECOMMENDATION - IMPLEMENTATION PLAN

Carroll Gardens Community School will update and maintain inventory records on a quarterly basis. The last 2 years books were not returned by students.

IMPLEMENTATION DATE

June 2003

RESPONSIBILITY CENTER

K378

Signature:

Diane Costagliola

Print Name:

Print Title:

Principal

June 17 2003
Date

New York City Department of Education
Office of Auditor General
External Audit Services

Response Date: 6/20/03

Audit Title: Audit Report on the
Financial and Operating Practices of
Community School District 15

Auditing Agency: Office of the Comptroller-Bureau of Financial Audit
District 15 - P24,130,M88,429,496

Draft Report Date: June 11, 2003

Audit Number: FP03-091A (Page 7, Recommendation #5.6)

C. Recommendation which the Agency
Agrees with but is Pending Implementation

Periodically inspect school inventories to identify unused supplies and equipment. All unneeded items should be transferred to other schools where they can be used immediately.

Ensure that all new equipment is functioning properly when it is received.

Response to Recommendation

See attached schools.

Target Implementation Date

June 2003

Responsibility Center

P24,130,M88,429,496

Signature: 

Print Name: Magda Dekki

6/20/03

Print Title: Director of Operations

New York City Department of Education
Office of Auditor General
External Audit Services

Response Date: 6/20/03

Audit Title: Audit Report on the
Financial and Operating Practices of
Community School District 15

Auditing Agency: Office of the Comptroller-Bureau of Financial Audit

P24
Draft Report Date: June 11, 2003

Audit Number: FP03-091A (Page 7, Recommendation #5,6)

C. Recommendation which the Agency
Agrees with but is Pending Implementation

- 5. Periodically inspect school inventories to identify unused supplies and equipment. All unneeded items should be transferred to other schools where they can be used immediately.
- 6. Ensure that all new equipment is functioning properly when it is received.

Response to Recommendation

Inspected school inventory of identified 5 overhead projectors.

Opened and distributed to other educational spaces that either had old or non-functioning projectors.

Target Implementation Date

June 2003

Responsibility Center

K024

Signature: 
Print Name: Yvette Aguirre

6/20/03

Print Title: Principal

Public School 130
Community School District 15
70 Ocean Parkway
Brooklyn, New York 11218
(718) 330-9350

Margarita Nell, Principal

New York City Department of Education
Office of Auditor General
External Audit Services

June 17, 2003

Re: Audit Number _____
In response to the identified non-compliance issues noted as the result of the recent audit:

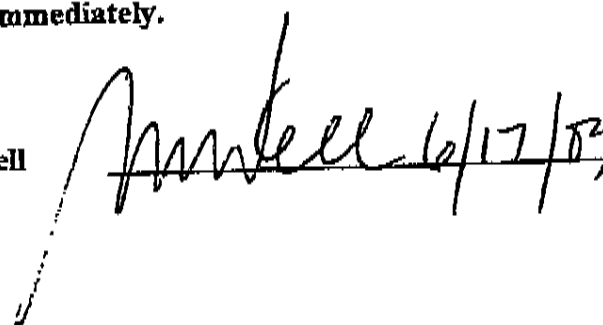
Recommendation Which the Agency Has Implemented

- A. Periodically inspect school inventories to identify unused supplies and equipment. All unneeded items should be transferred to other schools where they can be used immediately.
- B. Ensure that all new equipment is functioning properly when it is received.

Response to Recommendation - Implementation Plan

- A. In keeping with SOPM-storage sites will be reviewed periodically to make sure all supplies and equipment are being fully utilized and that items are neither overstocked nor understocked. The storage site inspections will be made the first week in the month of October, January and April.
- B. All new equipment will be checked to insure proper functioning upon delivery, effective immediately.

Margarita Nell
Principal

 6/17/03 signature / date

9/25

NEW YORK CITY DEPARTMENT OF EDUCATION
OFFICE OF AUDITOR GENERAL
External Audit Services

PAGE 2 OF 1

IS 88

RESPONSE DATE: 6/17/03

AUDIT TITLE: Financial and Operating Practices of Community School District 1

AUDITING AGENCY: City of NY Office of the Comptroller

DIVISION: Bureau of Financial Audit

DRAFT REPORT DATE: June 12, 2003

AUDIT NUMBER: FP03-091A

**C. RECOMMENDATION WHICH THE AGENCY
AGREES WITH BUT IS PENDING IMPLEMENTATION**

Department officials should: periodically inspect school inventories to identify unused books.

RESPONSE TO RECOMMENDATION

Designated Administrators from MS 88 will periodically check and monitor that all books are distributed and proper inventory is documented.

TARGET IMPLEMENTATION DATE

September 2003

RESPONSIBILITY CENTER

IS 88

Signature: E. Stone

Print Name:

Print Title:

6/17/03
Date

PAGE 1 OF 4

NEW YORK CITY DEPARTMENT OF EDUCATION
OFFICE OF AUDITOR GENERAL
External Audit Services

RESPONSE DATE: 6/20/03

AUDIT TITLE: Audit Report on the Financial and Operating Practices of C.S.D. 15

AUDITING AGENCY: Bureau of Financial Audit

DIVISION: District 15 M. 496

DRAFT REPORT DATE: 6/11/03

AUDIT NUMBER: FPO3-091A

**C. RECOMMENDATION WHICH THE AGENCY
AGREES WITH BUT IS PENDING IMPLEMENTATION**

P.4, #5. Periodically inspect school inventories to identify unused supplies and equipment. All unneeded items should be transferred to other schools where they can be used immediately.

RESPONSE TO RECOMMENDATION

Foreign Language textbooks identified in audit were purchased by former Principal, Anthony Randazzo, in anticipation of a foreign language being offered in connection with the school's Mission.

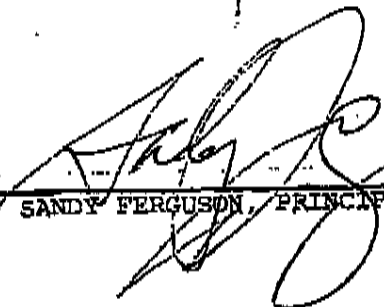
TARGET IMPLEMENTATION DATE

Pending qualified staff.

RESPONSIBILITY CENTER

m 496

Signature:



Print Name: SANDY FERGUSON, PRINCIPAL

6/20/03
6/20/03 Date

Print Title:

RESPONSE DATE: June 20, 2003

AUDIT TITLE: Audit Report Financial &
Operating Procedures - District 15

AUDITING AGENCY: NYC Office of Comptroller

DIVISION: Bureau of Financial Audit

DRAFT REPORT DATE: June 11, 2003

AUDIT NUMBER: EP03-019A - Page 7, Recommendation # 5,6

C. RECOMMENDATION WHICH THE AGENCY
AGREES WITH BUT IS PENDING IMPLEMENTATION

5. Periodically inspect school inventories to identify unused supplies and equipment. All unneeded items should be transferred to other schools where they can be used immediately.
6. Ensure that all new equipment is functioning properly when it is received.

RESPONSE TO RECOMMENDATION

- All books have been removed from boxes and placed on bookshelves and cabinets in the classroom. (It has come to our attention that the previous teacher for this class had used the books and for lack of storage space had put them back inside of the cartons.)
- School is in the process of revising our current book inventory procedures. New personnel has been assigned to conduct and maintain book inventory.
- New equipment is always removed from cartons properly labeled, warranties completed and serial numbers added to inventory and merchandise is restored in original packaging for future use.
- School will periodically inspect school inventories to identify unused supplies and equipment. All unneeded items should be transferred to other schools where they can be used immediately.
- School will ensure that all new equipment is functioning properly when it is received.

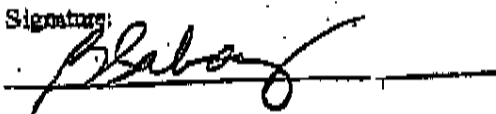
TARGET IMPLEMENTATION DATE

June 2003

RESPONSIBILITY CENTER

The Brooklyn School for Global Studies
(K429)

Signature:



Print Name: Bonnie Laboy

Print Title: Principal

Date

6/20/03

New York City Department of Education
Office of Auditor General
External Audit Services

Page 1 of 1

Response Date: 6/20/03

Audit Title: Audit Report on the
Financial and Operating Practices of
Community School District 15

Auditing Agency: Office of the Comptroller-Bureau of Financial Audit
District 15

Draft Report Date: June 11, 2003

Audit Number: FP03-091A (Page 7, Recommendation #7)

Recommendation Which the Agency Agrees With

Department Officials should maintain vendor invoices to support all imprest fund payments...

Response to Recommendation

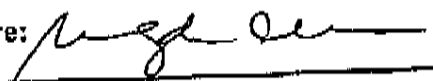
There was only one payment in question out of 50 sample imprest funds lacking documentation. However, we will continue to maintain vendor documentation to support imprest payments.

Target Implementation Date

September 2003

Responsibility Center

K815

Signature: 

Print Name: Magda Dekki

6/20/03

Print Title: Director of Operations

New York City Department of Education
Office of Auditor General
External Audit Services

Page 1 of 2

Response Date: 5/20/03

Audit Title: Audit Report on the
Financial and Operating Practices of
Community School District 15

Auditing Agency: Office of the Comptroller-Bureau of Financial Audit
District 15

Draft Report Date: June 11, 2003

Audit Number: FP03-091A (Page 8, Recommendation #8,9)

Recommendation Which the Agency Agrees With

8. Timekeeping transactions are carefully reviewed so that timekeeping errors are avoided.
9. Employees submit authorized leave slips for all leave time used.

Response to Recommendation

- The auditor claims that there were 58 instances in which 27 employees did not sign in or out when arriving to and departing from work.

It is not 58 instances – It is only 32 instances due to the fact that on 1 instance, the 21st of December, the superintendent approved the early departure of all district staff; when they came back from the Christmas vacation, the January timecards were in the bin instead of the December ones; this is why they forgot to have their supervisors approve their early departure. We will ensure that supervisors sign timecards.

- 28 instances in which 10 employees did not submit leave authorization forms. During Christmas, February and Easter breaks, the District issue memoranda to all employees who request a leave. They have to have this memorandum approved by their supervisors. Then forms were signed by supervisor. This replaces the leave authorization forms. However, we were unable to give them all the copies because they were being boxed to be stored as a result of the reorganization of the Department of Education.

- The 3rd and 4th bullets are written up incorrectly. They show that the District allowed employees to work less their full complement of their work schedule. The audit failed to explain that they had made up all the hours up to their 35-hours week schedule in working late some nights and arriving late the following day. We will continue to ensure that the time is well accounted for as a current practice.
- The 5th bullet doesn't clarify the fact that 4 out of the 6 employees were either 10 months Assistant Principal or teachers who don't work Christmas vacation thus cannot be charged for being absent because of their contract. The Board pays for these vacations. The remaining two are SAPIS workers and DC37 was not available to comment on their rights. We will pursue this and make adjustments if necessary.

Target Implementation Date

September 2003

Responsibility Center

Personnel liaison at regional office.

Signature:



 Print Name: Magda Dekki

_____ 6/20/03

Print Title: Director of Operations