



# Capital Region BOCES

## Claims Auditing

### Report of Examination

Period Covered:

July 1, 2014 — June 30, 2015

2015M-197



Thomas P. DiNapoli

# Table of Contents

	<b>Page</b>
<b>AUTHORITY LETTER</b>	1
<b>INTRODUCTION</b>	2
Background	2
Objective	2
Scope and Methodology	2
Comments of BOCES Officials	3
<b>CLAIMS AUDITING</b>	4
<b>APPENDIX A</b> Response From BOCES Officials	5
<b>APPENDIX B</b> Audit Methodology and Standards	7
<b>APPENDIX C</b> How to Obtain Additional Copies of the Report	8
<b>APPENDIX D</b> Local Regional Office Listing	9

# State of New York Office of the State Comptroller

---

---

## **Division of Local Government and School Accountability**

October 2015

Dear Board of Cooperative Educational Services (BOCES) Officials:

A top priority of the Office of the State Comptroller is to help BOCES officials manage BOCES resources efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support BOCES operations. The Comptroller oversees the fiscal affairs of BOCES statewide, as well as BOCES' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving BOCES operations and Board of Education governance. Audits also can identify strategies to reduce BOCES costs and to strengthen controls intended to safeguard BOCES assets.

Following is a report of our audit of the Capital Region BOCES, entitled Claims Auditing. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

This audit's results are a resource for BOCES officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller  
Division of Local Government  
and School Accountability*

# Introduction

## Background

The Capital Region Board of Cooperative Educational Services (BOCES) is an association of 23 component school districts and the City School District of Albany. BOCES is governed by a 10-member Board of Education (Board) elected by the boards of the component districts. The Board is responsible for the general management and control of BOCES' financial and educational affairs. The District Superintendent is BOCES' chief executive officer and is responsible, along with other administrative staff, for the day-to-day management of BOCES and for regional educational planning and coordination. According to statute, a district superintendent is an employee of both the appointing BOCES and the New York State Education Department. As such, the District Superintendent also serves as a representative for the New York State Commissioner of Education.

Combined, the component districts educate more than 80,000 students in Albany, Saratoga, Schenectady and Schoharie Counties. BOCES delivers more than 260 educational and administrative services to its 23 component school districts and employs approximately 1,100 staff members. BOCES' budgeted expenditures for the 2014-15 fiscal year totaled \$107.8 million. These were funded primarily by charges to school districts for services and State and federal grants and aid.

## Objective

The objective of our audit was to review BOCES' claims auditing process. Our audit addressed the following related question:

- Did the claims auditor properly review claims to ensure that they were accurate, properly supported and for legitimate BOCES purposes?

## Scope and Methodology

We examined BOCES' claims auditing process during the period July 1, 2014 through June 30, 2015.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on such standards and the methodology used in performing this audit is included in Appendix B of this report. Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination

**Comments of  
BOCES Officials**

The results of our audit and recommendations have been discussed with BOCES officials, and their comments, which appear in Appendix A, have been considered in preparing this report. BOCES officials agreed with our audit report.

## Claims Auditing

Education Law requires the Board to audit all claims before they are paid or to appoint a claims auditor to assume the Board's powers and duties with regard to examining and approving or disapproving claims. An effective claims processing system ensures that every claim against BOCES is subjected to an independent, thorough and deliberate review and contains enough supporting documentation to determine whether it complies with statutory requirements and BOCES policies, and that the amounts claimed represent actual and necessary BOCES expenditures. In addition, it is important for the claims auditor to determine whether the claims are properly itemized and supported and whether BOCES has actually received the goods or services described in each claim. Furthermore, signed checks should not be generated prior to the claims being reviewed and approved for payment.

BOCES officials have established adequate controls over the claims processing function that allow claims to be audited in a timely manner and in accordance with BOCES policy and New York State Education Law. The Board has delegated the responsibility to audit BOCES claims to a claims auditor. BOCES policy states that the claims auditor is responsible for formally examining, allowing or rejecting all accounts, charges, claims or demands against BOCES.

We randomly selected 50 claims totaling \$328,799 paid during our audit period and reviewed the claims for proper documentation, authorization and itemization of the goods or services and accompanying receipts. We also reviewed the claims to ensure they were for legitimate BOCES purposes and were audited and approved by the claims auditor prior to payment. Except for minor issues which we discussed with BOCES officials, we found that the claims were for legitimate BOCES purposes and were properly audited in a timely manner and in compliance with BOCES policy and Education Law.

We commend BOCES officials for establishing and implementing an effective system of controls over claims processing.

## **APPENDIX A**

### **RESPONSE FROM BOCES OFFICIALS**

The BOCES officials' response to this audit can be found on the following page.



**Board of Cooperative Educational Services**  
[www.capregboces.org](http://www.capregboces.org)  
*Leaders for Educational Excellence*

**Office of the Deputy District Superintendent  
and Chief Operating Officer**

Mark Jones  
900 Watervliet-Shaker Road, Suite 102  
Albany, New York 12205  
[Mark.Jones@neric.org](mailto:Mark.Jones@neric.org)  
518-862-4920  
Fax: 518-862-4949

October 5, 2015

Office of the State Comptroller  
10 State Street, 15<sup>th</sup> Floor  
Albany, NY 12236

Re: Response to Report of Examination #2015M-197

Dear Sir/Madam,

The Board of Education, audit committee and administration of the Capital Region BOCES have reviewed the report of examination referenced above and are very pleased with the written commendation made to the BOCES in reference to its claims auditing process.

On behalf of the Board and administration of the Capital Region BOCES, we would like to thank the audit staff who were involved with the examination for their professionalism and knowledge of system-wide fiduciary control structures. Even though our BOCES was fortunate enough to have received a commendation for the quality of its claims audit process, we believe the interaction with your audit staff produced a deeper and broader understanding of the importance of control systems.

Sincerely,

Mark Jones, Ed.D.  
Deputy District Superintendent

MJ/ry

An Equal Opportunity Employer



## APPENDIX B

### AUDIT METHODOLOGY AND STANDARDS

The objective of our audit was to examine BOCES' claims auditing process during the period July 1, 2014 through June 30, 2015.

To achieve our objective and obtain valid audit evidence, we performed the following audit procedures:

- We interviewed BOCES staff to gain an understanding of the claims auditing process and internal control framework.
- We reviewed and evaluated claims auditing policies.
- We examined 50 randomly selected claims to determine if evidence existed suggesting that the claims were reviewed and approved.
- We reviewed claims to determine if payments were made prior to being approved by the claims auditor.
- We reviewed claims to determine if they were properly itemized.
- We reviewed claims packets to determine whether payments were accurately supported by invoices or other supporting documentation.
- We reviewed supporting documentation to determine if sales tax, penalties or fees were inappropriately paid.
- We compared information from the check register to the vouchers, supporting documentation and warrants to determine if any discrepancies existed.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

## APPENDIX C

### HOW TO OBTAIN ADDITIONAL COPIES OF THE REPORT

To obtain copies of this report, write or visit our web page:

Office of the State Comptroller  
Public Information Office  
110 State Street, 15th Floor  
Albany, New York 12236  
(518) 474-4015  
<http://www.osc.state.ny.us/localgov/>

**APPENDIX D**  
**OFFICE OF THE STATE COMPTROLLER**  
**DIVISION OF LOCAL GOVERNMENT**  
**AND SCHOOL ACCOUNTABILITY**

Andrew A. SanFilippo, Executive Deputy Comptroller  
Gabriel F. Deyo, Deputy Comptroller

**LOCAL REGIONAL OFFICE LISTING**

---

**BINGHAMTON REGIONAL OFFICE**

H. Todd Eames, Chief Examiner  
Office of the State Comptroller  
State Office Building, Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417  
(607) 721-8306 Fax (607) 721-8313  
Email: [Muni-Binghamton@osc.state.ny.us](mailto:Muni-Binghamton@osc.state.ny.us)

Serving: Broome, Chenango, Cortland, Delaware,  
Otsego, Schoharie, Sullivan, Tioga, Tompkins Counties

**BUFFALO REGIONAL OFFICE**

Jeffrey D. Mazula, Chief Examiner  
Office of the State Comptroller  
295 Main Street, Suite 1032  
Buffalo, New York 14203-2510  
(716) 847-3647 Fax (716) 847-3643  
Email: [Muni-Buffalo@osc.state.ny.us](mailto:Muni-Buffalo@osc.state.ny.us)

Serving: Allegany, Cattaraugus, Chautauqua, Erie,  
Genesee, Niagara, Orleans, Wyoming Counties

**GLENS FALLS REGIONAL OFFICE**

Jeffrey P. Leonard, Chief Examiner  
Office of the State Comptroller  
One Broad Street Plaza  
Glens Falls, New York 12801-4396  
(518) 793-0057 Fax (518) 793-5797  
Email: [Muni-GlensFalls@osc.state.ny.us](mailto:Muni-GlensFalls@osc.state.ny.us)

Serving: Albany, Clinton, Essex, Franklin,  
Fulton, Hamilton, Montgomery, Rensselaer,  
Saratoga, Schenectady, Warren, Washington Counties

**HAUPPAUGE REGIONAL OFFICE**

Ira McCracken, Chief Examiner  
Office of the State Comptroller  
NYS Office Building, Room 3A10  
250 Veterans Memorial Highway  
Hauppauge, New York 11788-5533  
(631) 952-6534 Fax (631) 952-6530  
Email: [Muni-Hauppauge@osc.state.ny.us](mailto:Muni-Hauppauge@osc.state.ny.us)

Serving: Nassau and Suffolk Counties

**NEWBURGH REGIONAL OFFICE**

Tenneh Blamah, Chief Examiner  
Office of the State Comptroller  
33 Airport Center Drive, Suite 103  
New Windsor, New York 12553-4725  
(845) 567-0858 Fax (845) 567-0080  
Email: [Muni-Newburgh@osc.state.ny.us](mailto:Muni-Newburgh@osc.state.ny.us)

Serving: Columbia, Dutchess, Greene, Orange,  
Putnam, Rockland, Ulster, Westchester Counties

**ROCHESTER REGIONAL OFFICE**

Edward V. Grant, Jr., Chief Examiner  
Office of the State Comptroller  
The Powers Building  
16 West Main Street, Suite 522  
Rochester, New York 14614-1608  
(585) 454-2460 Fax (585) 454-3545  
Email: [Muni-Rochester@osc.state.ny.us](mailto:Muni-Rochester@osc.state.ny.us)

Serving: Cayuga, Chemung, Livingston, Monroe,  
Ontario, Schuyler, Seneca, Steuben, Wayne, Yates Counties

**SYRACUSE REGIONAL OFFICE**

Rebecca Wilcox, Chief Examiner  
Office of the State Comptroller  
State Office Building, Room 409  
333 E. Washington Street  
Syracuse, New York 13202-1428  
(315) 428-4192 Fax (315) 426-2119  
Email: [Muni-Syracuse@osc.state.ny.us](mailto:Muni-Syracuse@osc.state.ny.us)

Serving: Herkimer, Jefferson, Lewis, Madison,  
Oneida, Onondaga, Oswego, St. Lawrence Counties

**STATEWIDE AUDITS**

Ann C. Singer, Chief Examiner  
State Office Building, Suite 1702  
44 Hawley Street  
Binghamton, New York 13901-4417  
(607) 721-8306 Fax (607) 721-8313