



Cobleskill- Richmondville Central School District Special Education Services

Report of Examination

Period Covered:

September 1, 2014 — June 30, 2015

2015M-345



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

February 2016

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' 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 district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Cobleskill-Richmondville Central School District, entitled Special Education Services. 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 resources for district 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 Cobleskill-Richmondville Central School District (District) is located in the Towns of Cobleskill and Richmondville in Schoharie County. The District is governed by the Board of Education (Board), which is composed of seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools is the District's chief executive office and is responsible, along with other administrative staff, for the day-to-day management of the District under the Board's direction.

The District operates four schools with approximately 1,800 students and 404 employees. The District's budgeted appropriations for the 2015-16 fiscal year total approximately \$38.5 million, which are funded primarily with State property taxes and grants.

The District is a component unit of the Capital Region Board of Cooperative Educational Services (BOCES) and generally contracts with this BOCES for special education services. Until 2000, BOCES was the District's primary provider for all special education services. BOCES continues to provide special education services for the District for programs and services the District cannot provide. During 2014-15, BOCES provided services to seven students while the District provided select special education programs and related services to 124 District students and 46 non-resident students. The programs are offered in four main areas: communication, intervention, self-contained academic and employment training. The related services provided are physical, occupational and speech therapy and counseling. The District received close to \$1.3 million in tuition for the non-resident students in 2014-15.

Objective

The objective of our audit was to determine whether the District provided cost effective special education services and whether the tuition rate charged covered the cost of providing these services. Our audit addressed the following related question:

- Did District officials provide cost effective special education services?

Scope and Methodology

We examined financial records and reports, reviewed contracts, recalculated tuition rates and interviewed District officials regarding the special education programs and related services provided by the District for the period September 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 are 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
District Officials**

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

Special Education Services

District officials have the responsibility to provide educational services for its special education students. They can choose to provide these educational services in house or contract with an authorized provider, including other districts, for these services. Districts officials should seek to provide the most economical services for special education, with the goal of maximizing taxpayer value while still meeting the standards required by each student's Individual Educational Plan. Further, if the District contracts as an authorized special education service provider, District officials should consider all the costs associated with providing these services when billing other districts.

District officials provided cost effective special education services to District students and saved the District approximately \$1.7 million in program and related services costs during 2014-15. Further, we estimate that the District saved 13 other districts approximately \$1.3 million during the same year as their authorized service provider. We commend District officials for providing cost-effective special education services to District students and those from other districts.

Schoharie County school district officials met to identify the needs of their special education students, with the goal of providing these services locally and at a lower cost. District officials determined that they had available space and could provide these services in house to District students as well as accommodate students of neighboring districts.

The District provided special education programs and related services to 51 students¹ in lieu of contracting with an authorized special education provider, such as BOCES. We compared the District's in-house costs to provide these services with the BOCES tuition rate for the same services and found that the District saved approximately \$1.7 million in 2014-15.

Figure 1: District Cost Savings for 2014-15			
Services Provided	District	BOCES	Savings
Programs ^a	\$998,212	\$2,523,556	\$1,525,344
Related Services	\$180,798	\$371,544	\$190,746
Total	\$1,179,010	\$2,895,100	\$1,716,090
^a This number includes transportation savings of \$488,000.			

¹ Although the District provides services to 124 special education students, officials indicated that 73 of these students would not be considered for contracting out to a provider. Therefore, we analyzed the program and related service costs for the 51 students who could have been contracted out to a provider.

The District also provided special education programs and related services to 46 additional students from 13 neighboring districts during 2014-15. We compared the tuition rate the District charged for these services to the tuition rate for these 13 districts' respective BOCES² and found that, by contracting with the District, these 13 other districts saved approximately \$1.1 million in program costs and \$180,959 in related services.

Furthermore, we recalculated the tuition rate the District charged for these services and determined, except for minor discrepancies, the rates were reasonable. As a result of providing special education services in-house, the District and 13 other districts realized cost savings.

² If the other districts' respective BOCES did not provide the programs, we used the Capital Region BOCES' tuition for 2014-15. See Appendix B for further details.

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

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



COBLESKILL-RICHMONDVILLE CENTRAL SCHOOL DISTRICT

155 Washington Avenue, Cobleskill, New York 12043 • (518) 234-4032 • (518) 234-7721 fax

Office of the
Superintendent of Schools

Carl J. Mummenthey
Superintendent

February 17, 2016

Chief Examiner
Office of the State Comptroller
State Office Building, Room 1702
44 Hawley Street
Binghamton, New York 13901-4417

Dear Chief Examiner:

We are in receipt of your recent audit (#2016M-345) of our school district's special education services. We appreciate your team's thorough analysis of our special education programming and always welcome suggestions and recommendations on how we can improve the quality and cost-effectiveness of district programs.

Your audit team's stated objective was to determine whether the Cobleskill-Richmondville Central School District provides cost-effective special education services to our students. We are pleased to learn that your team has independently evaluated our program and tuitions and determined that our programs, which serve both resident and non-resident students, saved district taxpayers \$1.7 million in program and related services costs in 2014-15. We are also pleased to learn that your auditors have calculated savings to neighboring districts totaling approximately \$1.3 million.

We take great pride in the quality and cost-effectiveness of our district's special education programs. By working together with neighboring districts, we are able to provide high quality programming for our region's special education students while delivering significant savings to our taxpayers.

On behalf of our board of education and our district's staff, we extend our appreciation to the audit team for the professionalism they exhibited and the insights they shared during their entry conference, onsite fieldwork, and exit conferences. We are grateful for the feedback validating our special education programming and we remain committed to providing innovative, cost-effective programs for all students whom we serve.

Sincerely,

Carl J. Mummenthey
Superintendent of Schools

Bruce Tryon
President, Board of Education

The Board of Education

Bruce L. Tryon, President • Steven H. Philbrick, Vice President
Melissa A. Bartlett • Mary E. Black • Jeffrey C. Foote • Daniel B. Schulte • Susan E. Strasser

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

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

- We interviewed District officials regarding special education programs and related services provided by the District during 2014-15.
- We reviewed the 46 students' individual special education contracts between the District and the other 13 districts for special education services provided during 2014-15.
- We traced all 25 invoices totaling \$1.3 million for tuition billed to the 13 other districts for services provided during 2014-15 to the duplicate receipts book and bank statements to ensure that the amounts billed were received and deposited.
- We traced the amount billed to five of the 13 districts totaling \$549,321 to their respective contract in 2014-15 to ensure that the correct amounts were billed.
- We calculated the total cost savings to the District for 2014-15 by providing special education services to 51 of its students. We calculated the cost to the District using the level of services provided and the District's tuition rate. We also calculated the costs if these students received the same services at the BOCES, using the BOCES tuition rate and an estimate of District transportation costs.
- We calculated the total cost savings for the 13 other districts by comparing the District's cost to provide these services to the 46 students to the cost for similar programs and related services of other authorized providers available to these districts.
- We recalculated the tuition rate for each special education program and related service provided by the District for 2014-15 and compared our calculation to the tuition rate charged by the District to determine whether the District's 2014-15 rates were reasonable.
- We calculated the additional amount the District could have charged during 2014-15 using the variance between our calculated rate and the District's rate for three related services and 1:1 aides.

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.

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