



Brushton-Moira Central School District

Tuition Billing

2023M-158 | February 2024

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Report Highlights

Brushton-Moira Central School District

Audit Objective

Determine whether Brushton-Moira Central School District (District) officials properly billed tuition for nonresident foster care students enrolled at the District.

Key Findings

District officials did not properly bill tuition for nonresident foster care students enrolled at the District. As a result, as of September 30, 2023, officials had not billed or underbilled \$40,803 of the \$71,192 (57 percent) in tuition it was entitled to and billed and collected \$12,452 in tuition it was not entitled to for the 2019-20 through 2021-22 school years. District officials did not:

- Provide oversight of the officials who prepared the tuition bills.
- Establish adequate procedures to ensure tuition bills were prepared, accurately calculated and issued to the school districts of origin for all eligible nonresident foster care students enrolled at the District.

Key Recommendations

- Provide oversight of nonresident foster care billings and establish procedures to ensure tuition bills are prepared, accurately calculated and issued for all eligible nonresident foster care students enrolled at the District.
- Consult with the District's legal counsel to determine the appropriate course of action regarding the District's billing errors.

District officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

Audit Period

July 1, 2019 – September 30, 2023

Background

The District serves the Towns of Bangor, Brandon, Dickinson and Moira in Franklin County, and Brasher and Lawrence in St. Lawrence County.

The District is governed by an elected nine-member Board of Education (Board) that is responsible for managing and controlling the District's financial and educational affairs. The Superintendent of Schools is the chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction.

The School Business Executive (Executive), who started in the position in February 2020, is responsible for preparing tuition bills for nonresident foster care students enrolled at the District. This duty was previously performed by the former School Business Manager (Manager).

Quick Facts

Nonresident Foster Care Students Eligible to Bill Tuition For and Amounts

2019-20	2	\$29,280
2020-21	4	\$2,225
2021-22	6	\$39,687
2022-23	4	\$39,842
2023-24		
Appropriations		\$22.2 million

Nonresident Foster Care Student Tuition

At times, a school district (district) educates nonresident students, such as foster care students placed in a district by local departments of social services. The district a child or youth attended, or was entitled to attend, when they entered foster care is the district of origin. The district a foster care student is enrolled at is the district of attendance.

The district of origin is financially responsible for the tuition of foster care students originating from the district but attending other districts for general and/or special education programs. The district of attendance is entitled to charge a net cost tuition to the district of origin for foster care students enrolled at their district.¹

The District identifies foster care students based on foster care notification forms received directly from local departments of social services or at the time of the student's enrollment at the District. A clerk, who is responsible for registering students at the District, uses the notification forms to record the student's status as foster care in the student information system. The clerk also provides copies of the forms to the business office to assist in preparing tuition bills for nonresident foster care students enrolled at the District.

How Should Officials Properly Bill Nonresident Foster Care Student Tuition?

District officials should design an effective system for properly billing tuition for nonresident foster care students enrolled at a district. A district should clearly assign responsibilities for specific billing activities to an individual(s) and ensure each participant understands the overall objectives and their role in the billing process.

Officials should have procedures that are designed to ensure each district of origin is billed for all eligible nonresident foster care students enrolled at a district. Tuition bills should be prepared, accurately calculated and issued to the districts of origin in a timely manner (i.e., at least by the end of the school year of attendance).

Officials can use New York State Education Department (SED) resources (e.g., foster care billing worksheets, full-time equivalent calculator for attendance, State aid handbooks and State aid output reports) to help ensure tuition bills are accurately calculated. If officials elect to bill tuition using SED's nonresident tuition (NRT) rates, tuition should be billed in the current school year based on the applicable estimated NRT rate.

Officials should also monitor these tuition bills and the corresponding payments received to ensure that the district of origin is issued a correct refund, or

¹ Refer to Appendix A for additional information on calculation of tuition charges.

accurately billed additional tuition charges, in the subsequent school year based on the actual NRT rate.

Officials Did Not Properly Bill Nonresident Foster Care Student Tuition

Officials should have billed tuition charges to districts of origin for all eligible nonresident foster care students who were enrolled at the District during the 2019-20 through 2021-22 school years (two students in 2019-20, four students in 2020-21 and six students in 2021-22).² Officials did not properly bill nonresident foster care student tuition to districts of origin for these students (Figure 1).

**Figure 1: Nonresident Foster Care Student Tuition
School Years 2019-20 through 2021-22**

School Year	Tuition				
	Entitled to Bill ^a	Billed ^b	Not Billed	Underbilled	Overbilled
2019-20	\$29,280	\$1,972	\$0	\$27,488	\$180
2020-21	2,225	9,060	211	0	7,046
2021-22	39,687	31,809	2,944	10,160	5,226
Total	\$71,192	\$42,841	\$3,155	\$37,648	\$12,452

a) The tuition amount that the District was entitled to bill each school year was based on the actual NRT rates for that school year.

b) The tuition amount the District billed each school year includes tuition it was not entitled to (overbilled tuition).

Officials billed the districts of origin a combined total of \$42,841 in tuition for nine nonresident foster care students enrolled at the District during the 2019-20 through 2021-22 school years (three students for each year). However, officials did not accurately calculate the tuition owed for any of these students. The tuition billed also included tuition charges for a nonresident foster care student enrolled during the 2019-20 school year that the District was not entitled to because the actual NRT rate for this student was \$0. In addition, the Executive did not bill the districts of origin a combined total of \$3,155 in tuition owed for a nonresident foster care student enrolled during the 2020-21 school year and three nonresident foster care students enrolled during the 2021-22 school year.

² The District had 28 nonresident foster care students who were enrolled at the District during the 2019-20 through 2021-22 school years. The District was not entitled to bill tuition charges to the districts of origin for 16 of the 28 students because the District’s actual NRT rate for these students (K-6 general education) was \$0 during each of the 2019-20 through 2021-22 school years.

The billing errors occurred because:

- The Executive and former Manager prepared and issued tuition bills based on the actual NRT rates from either one or two years before the enrollment year and did not issue any refunds or bill additional tuition charges to the districts of origin based on the actual NRT rates for the enrollment year.
- The Executive and former Manager used the incorrect NRT rate category³ when calculating the tuition to bill for one nonresident foster care student enrolled at the District during each of the 2019-20 through 2021-22 school years.
- The Executive did not properly generate reports from the student information system of foster care students enrolled at the District or compare them to the notification forms she had to ensure all nonresident foster care students enrolled at the District were identified before tuition bills were prepared.

Some of the billing errors were not identified and corrected because the Executive and former Manager were responsible for preparing tuition bills with no oversight.

As a result, as of September 30, 2023, officials had not billed or underbilled \$40,803 of the \$71,192 (57 percent) in tuition the District was entitled to for the 2019-20 through 2021-22 school years. Officials also billed and collected \$12,452 in tuition the District was not entitled to.

In addition, as of September 30, 2023, based on the estimated NRT rates for the 2022-23 school year (actual NRT rates had not been released), the District could have billed the districts of origin tuition totaling \$39,842 for four nonresident foster care students enrolled at the District during the 2022-23 school years,⁴ but billed tuition totaling \$30,533 for these students. This occurred because the Executive again prepared and issued tuition bills using the actual NRT rates for the year prior to enrollment. The Executive also used the incorrect enrollment dates for two students when calculating the tuition owed for the 2022-23 school year.

Because officials did not establish adequate procedures or provide oversight of nonresident foster care student tuition billings, the District did not realize all tuition revenues it was entitled to, and billed and collected tuition it was not entitled to.

...[O]fficials had not billed or underbilled \$40,803 of the \$71,192 (57 percent) in tuition the District was entitled to for the 2019-20 through 2021-22 school years.

³ See Appendix A for rate category information.

⁴ The District had eight nonresident foster care students who were enrolled at the District during the 2022-23 school year. As of September 30, 2023, the District was not entitled to bill tuition charges to the districts of origin for four of the eight students because the District's 2022-23 estimated NRT rate for these students (K-6 general education) was \$0.

What Do We Recommend?

District officials should:

1. Provide oversight of the nonresident foster care student tuition billings and establish procedures to ensure tuition bills are prepared, accurately calculated and issued to the districts of origin for all eligible nonresident foster care students enrolled at the District.
2. Consult with the District's legal counsel to determine the appropriate course of action regarding the District's billing errors.
3. Monitor tuition bills issued in the 2022-23 school year and the corresponding payments received to ensure that the district of origin is issued a correct refund, or accurately billed additional tuition charges, in the 2023-24 school year based on the 2022-23 actual NRT rate, when released.

Appendix A: Calculation of Tuition Charges

A Commissioner of Education regulation prescribes that the charge for instruction of nonresident students should not exceed the actual net cost of educating the students. If the accounting records of the district providing the education are not maintained in a manner which would indicate the net cost, the nonresident tuition formula can be used.

SED produces NRT reports each year for each district, which calculate an estimated NRT rate for the current school year and an actual NRT rate for the prior school year in various categories (e.g., K-6 general education, 7-12 general education, K-6 special education and 7-12 special education). The estimated NRT rates can be used during the current school year for preliminary billing purposes, but the NRT rates should be adjusted when the actual NRT rates are issued in the subsequent school year.

The applicable NRT rate also should be multiplied by a student's full-time equivalent (FTE) attendance when calculating the tuition to be charged. FTE is the decimal expression of a student's enrollment duration compared to the length of the annual school year. For example, a student who is enrolled for a full school year has an FTE of 1, while a student who is enrolled for only half of the school year has an FTE of 0.5.

Appendix B: Response From District Officials



Brushton-Moira Central School District

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Superintendent of Schools

Jennifer Lynch
Building Principal 7-12/CIO

Donna Steenberg
Building Principal UPK-6

Angela DeBeer
School Business Executive

Steven Gordon
Assistant Principal UPK-12

Jillian Riley
CSE Chairperson

February 12, 2024

Office of the State Comptroller
Division of Local Government and School Accountability
Gary G. Gifford, Chief of Municipal Audits
Glens Falls Regional Office
One Broad Street Plaza
Glens Falls, NY 12801

Dear Mr. Gifford;

The Brushton-Moira Central School District acknowledges receipt of the draft Report of Examination 2023M-158 "Tuition Billing" for the audit period of July 1, 2019- September 30, 2023. The District would like to thank the Comptroller's staff for their professionalism and support while conducting a thorough examination of our District's operations. The District recognizes the importance of capturing all available revenue to support the School.

The District has reviewed the draft report and acknowledges the audit findings. Please accept this letter as the District's official response as well as our corrective action plan.

Audit Recommendation #1

District officials should provide oversight of the non-resident foster care student tuition billings and establish procedures to ensure that tuition bills are prepared, accurately calculated and issued to the districts of origin for all eligible nonresident foster care students enrolled at the District.

District Response and Plan of Action:

The District recognizes the importance of establishing procedures and providing oversight for the foster care student tuition billings. The District has already worked with our Students Information System vendor to create procedures and reports to better identify our foster care students and their effective dates of attendance. The new reports capture all students where in prior years some students were overlooked due to the system setup and their short period of attendance.

Prior to the audit, the District had used the prior year actual state calculated non-resident tuition rate for foster care billing for the current school year rate. This was to avoid having to backtrack and reconcile from one year to the next. Moving forward, the district will bill based on the prior year actual and then reconcile when the final rate is released the following school year.

Implementation Date:

This will be implemented by the Superintendent of Schools and the School Business Executive immediately with billings for the 2023-2024 school year.

Audit Recommendation #2

District officials should consult with legal counsel to determine the appropriate course of action regarding the District's billing errors.

District Response and Plan of Action:

Since it has been the District's practice of billing the prior year NRT rate, the District has decided to not address the prior year billing errors and invoice the current year and future year's based on the controller recommendations.

Implementation Date:

This will be implemented by the Superintendent of Schools and the School Business Executive immediately with billings for the 2023-2024 school year.

Audit Recommendation #3

District officials should monitor tuition bills issued in the 2022-2023 school year and corresponding payments received to ensure the district of origin is issued a correct refund, or accurately billed additional tuition charges, in the 2023-2024 school year based on the 2022-2023 actual NRT rate, when released.

District Response and Plan of Action:

The 2022-2023 actual NRT rate has been released and the district will be reviewing the 2022-2023 billings to determine if refunds or additional charges need to be issued.

Implementation Date:

This will be implemented by the Superintendent of Schools and the School Business Executive immediately and the 2022-2023 billings will be reviewed based on actual rates.

On behalf of the Brushton-Moira Central School District, we would like to extend our appreciation to your staff for the collaborative approach that was taken during the fieldwork as well as the informal suggestions that were provided to our staff on ways to more effectively manage some of our District operations. The District views any feedback received during audits as a way to improve on our practices and procedures.

Sincerely,

Marice Bright
Board of Education President

Todd M. LaPage
Superintendent of Schools

Appendix C: Audit Methodology and Standards

We conducted this audit 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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials and reviewed various records and reports to gain an understanding of the District's procedures for billing tuition for nonresident foster care students enrolled at the District. We documented any associated effects of deficiencies in those procedures.
- We reviewed supporting documentation for the tuition billed and collected for all nonresident foster care students who were enrolled at the District during the 2019-20 through 2022-23 school years to determine whether the tuition billed was accurately calculated, billed in a timely manner and paid by the district of origin. For tuition that was not properly billed, we determined the reason and calculated the amounts of any tuition not billed, underbilled or overbilled.

We conducted this performance audit in accordance with generally accepted government auditing standards (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.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on the District's website for public review.

Appendix D: Resources and Services

Regional Office Directory

www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.ny.gov/local-government/publications

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.ny.gov/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.ny.gov/local-government/publications

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.ny.gov/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.ny.gov/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.ny.gov/local-government/publications

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.ny.gov/local-government/academy

Contact

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