

Thomas P. DiNapoli
COMPTROLLER



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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

June 22, 2011

Mr. Manuel Mosquera
Chief Executive Officer
Lexington School for the Deaf
30th Avenue and 75th Street
Jackson Heights, NY 11370

Re: Report 2011-F-8

Dear Mr. Mosquera:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1, of the State Constitution; and Article II, Section 8, of the State Finance Law, we have followed up on the actions taken by officials of the Lexington School for the Deaf (Lexington) to implement the recommendations contained in our audit report, *Review of Procurement Practices* (Report 2008-S-129).

Background, Scope and Objective

The Lexington School for the Deaf, founded in 1865, is located in the Borough of Queens, New York City. Lexington, pursuant to Section 4201 of the State Education Law, is one of 11 private schools in New York State that receive operating aid directly from the New York State Department of Education (SED) to provide educational services to certain types of disabled students. Lexington serves approximately 341 students in kindergarten through 12th grade. The school also has a dormitory residence on site and operates a pre-school.

Lexington is regulated by SED and is governed by an 18 member Board of Trustees (Board). For the fiscal year end June 30, 2010, Lexington received approximately \$23 million in revenues, including approximately \$21.3 million from New York State.

Our initial audit report, which was issued on January 14, 2010, examined whether Lexington officials had established and maintained an adequate system of internal control over its procurement practices. We determined that Lexington officials did not comply with SED guidance for procurement of goods and services valued at more than \$10,000 and public works valued at more than \$20,000. We also determined that Lexington officials did not always comply with their own policies and procedures when procuring goods and services valued at more than \$5,000. The objective of our follow-up was to assess the extent of implementation as of June 10, 2011 of the two recommendations included in our initial report.

Summary Conclusions and Status of Audit Recommendations

We found that Lexington officials have implemented the two recommendations.

Follow-up Observations

Recommendation 1

Comply with SED guidance for competitive procurements for goods and services and public works projects.

Status - Implemented

Agency Action - Between January 14, 2010 and May 25, 2011, Lexington officials had procured goods, services and public works projects valued at more than \$10,000 from 27 different vendors. We reviewed a judgmental sample of the procurements from six of these vendors and found that, in all six instances, Lexington officials had complied with SED's guidance.

Recommendation 2

Comply with School procedures and policies for purchases less than the limits set by SED guidance.

Status - Implemented

Agency Action - Lexington's policies and procedures require all purchases valued at more than \$5,000, but less than \$10,000 be competitively procured. Between January 14, 2010 and May 25, 2010, Lexington officials made 79 purchases that met these parameters. We reviewed a judgmental sample of five of the 79 purchases and found that Lexington officials had complied with their policies and procedures for all five purchases.

Major contributors to this report were Christine Chu, Diane Gustard and Dana Bitterman.

We thank the management and staff of the Lexington School for the Deaf for the courtesies and cooperation extended to our auditors during this process.

Very truly yours,

Kenrick A. Sifontes
Audit Manager

cc. Mr. James Conway, State Education Department
Mr. Thomas Lukacs, Division of the Budget