

Lavelle
School 3830 Paulding Avenue, Bronx, New York 10469
for the Blind (718) 882-1212
FAX: (718) 882-0005

April 28, 2010

Kenrick A. Sifontes
Audit Manager
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, New York 12236

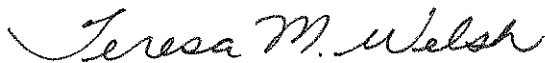
RE: ORIGINAL DOCUMENT
Response to Audit Report Regarding Lavelle School for the Blind
Report 2009-S-2

Dear Mr. Sifontes:

Enclosed is the original response to Audit Report 2009-S-2 regarding Lavelle School for the Blind.

The superintendent, Frank Simpson sent a scanned copy via email to you on the morning of April 28, 2010.

Sincerely yours,



Teresa M. Welsh, CPA
Controller

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**Re: Response to Audit Report Regarding Lavelle School for the Blind
Report 2009-S-2**

Dear Mr. Sifontes:

We received your Final Audit Report dated January 14, 2010. In accordance with that Final Audit Report, Lavelle School for the Blind ("LSB") hereby advises the Office of the State Comptroller ("OSC") what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefore.

Board Oversight

OSC made the following recommendations concerning Board oversight:

OSC Recommendation #1: Revise the Board's By-Laws to specify frequency of Board meetings, establish limits on Board members' tenure, and establish responsibility for oversight of the contracting process.

OSC Recommendation #2: Monitor the School's compliance with SED guidance as well as their own internal practices.

OSC Recommendation #3: Implement external auditor recommendations promptly to correct internal control weaknesses.

Action: In February 2010, the LSB Board amended its Bylaws. The amendments included the following provisions:

"Regular Meetings of the Board of Trustees shall be held at least four times each year at such time and places as the Board shall designate. The

election of officers shall be held at the annual meeting in June of each year.”

“Thereafter the trustees shall be elected at the annual meeting for a consecutive term of three years and each shall continue in office until his or her successor shall have been duly elected or until his or her death, resignation or removal. Trustees are elected by class for 3 year terms. A trustee may be elected for subsequent 3 year terms and shall continue in office until removal or resignation.”

As stated in our previous response to the audit, there are no legal limitations on the number of terms any trustee may serve. Additionally, we continue to maintain our position that the “SED guidance” referred to by the OSC does not apply to an Education Law 4201 school like LSB.

Notwithstanding the foregoing, the Bylaws already specified that the Treasurer’s responsibilities include supervision of the Controller. However, the Controller’s duties as specified in the Bylaws were also revised in February 2010 to include “.....and maintain oversight of the contracting process by adhering to policies in place to supervise same:”

Additionally, an Audit Committee of the Board has been formed. Among other duties of this committee, they are reviewing all of the credit card purchases and accompanying detail to determine appropriate spending and also met with the external auditors to review the audited financial statements prior to presentation to the full Board. The Audit Committee will also be involved in the continuing development and implementation of procurement, contracting, accounting and other financial policies and procedures, as well as ensuring compliance with those policies and procedures as adopted by the Board. Finally, the Audit Committee will be involved in addressing issues, if any, contained in the annual management letter and ongoing issues, if any, involved in implementing the OSC recommendations contained in the Final Audit Report.

With respect to external auditor recommendations, LSB has drafted procurement and whistleblower policies and procedures, and continues to develop an accounting manual. Many of these policies and procedures are already being implemented, but we expect that final Board action on them will occur at the June meeting of the Board.

Procurement

OSC made the following recommendations concerning contracting and procurement:

OSC Recommendation #4: Comply with SED guidance for competitive procurements involving both goods and services and public works projects.

OSC Recommendation #5. Develop and implement written policies and procedures School officials should follow when purchasing goods and services that are not subject to competitive bidding.

OSC Recommendation #6. Establish a threshold for contracts that indicates when Board review and approval is required.

Action: As noted above, LSB disagrees that the SED guidance referenced has any application to LSB.

Nevertheless, consistent with these recommendations, LSB developed a written procurement policy setting forth the procedure to be followed when contracting for goods and services. The revised policy uses the General Municipal Law \$20,000 and \$10,000 thresholds notwithstanding LSB's position concerning the inapplicability of that law. When soliciting bids, LSB will provide written specifications to evaluate the proposals equitably and ensure that the School can acquire goods and services at the lowest price. The revised policy also provides for approval by the Board of Trustees when certain thresholds are met. The revised policy, as well as the forms used, will be reviewed on an annual basis by the School.

While we expect the procurement policy to be formally adopted by the LSB Board in June 2010, LSB has already begun to employ competitive bidding procedures for new projects/purchases. For example, competitive bidding was used with respect to a hazardous materials contract valued at approximately \$295,000 and for a Tele-data/communications project valued at approximately \$46,580. In other cases, state contracts were used (e.g., heating oil, office supplies, and building supplies). For some purchases not subject to the monetary thresholds above, LSB has still solicited pricing from various vendors.

Additionally, at its last meeting, the LSB Board approved some purchase contracts, as required by the new policy.

Cash Disbursements

The OSC made the following recommendations concerning cash disbursements:

OSC Recommendation #7: Comply with SED guidelines regarding documentation of purchases.

OSC Recommendation #8: Establish written policies and procedures for processing cash disbursements.

OSC Recommendation #9: Removed from final report.

Action: As noted above, the School disagrees that the SED guidance referenced has any application to LSB.

LSB continues to develop an accounting manual, including procedures and forms for requesting goods/services and approval of same. These procedures will complement the procurement policy mentioned above, where necessary. As noted in our response to the audit report, however, LSB already had in place a procedure and process for obtaining approval for cash disbursements.

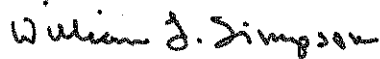
Payroll Practices

OSC made the following recommendation concerning the NYS ERS:

OSC Recommendation #10: Notify all part-time employees of their right to membership in ERS. Maintain signed ERS acknowledgement forms in School files, as required.

LSB educates new employees on the NYS ERS and documents that as part of the orientation process. After the OSC audit, all current employees were re-informed regarding this benefit and an acknowledgement/declination form was placed in their files. A similar form is put in the files of new employees.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "William F. Simpson". The script is cursive and somewhat stylized.

William F. Simpson
Superintendent