

Albany Community Charter School

Resident Tuition Billing

SEPTEMBER 2019



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Albany Community Charter School

Audit Objective

Determine whether School officials completely and accurately billed resident school districts.

Key Findings

- Officials did not obtain current proof of residency for all students.
- Officials did not provide the Board with tuition billing information throughout the year regarding the amount of tuition anticipated and received.

Key Recommendations

- Ensure every enrolled student has current proof of residence on file.
- Provide the Board with detailed information about the tuition billed and collected.

School officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

Background

The Albany Community Charter School (School) is located in the City of Albany in Albany County. The School was established and granted a charter by the State University of New York Board of Regents in July 2006 and opened to the public in September 2006. The charter was renewed for five years in February 2016.

The School is governed by a seven-member Board of Trustees (Board) responsible for the general oversight of School operations. The School's Executive Director is responsible, along with other administrative staff, for the School's day-to-day management under the Board's direction.

The School's main source of income is tuition billing from the students' resident districts. The Business Manager is responsible for billing resident school districts using New York State Education Department tuition rates.

Quick Facts

2017-18 Student Enrollment	638
2017-18 Total Resident School Billing	\$9.5 million
2018-19 Budgeted Appropriations	\$10.9 million
Grades Served	K-8

Audit Period

July 1, 2017 – January 31, 2019

Resident Tuition Billing

A charter school is a public school financed by local, State and federal resources. A charter school is not under the local school board's control and is governed under Article 56 of New York State Education Law. Charter schools generally have fewer legal operational requirements than traditional public schools. Most of the regulations for a charter school are contained in Article 56 and its bylaws, charter agreement and fiscal management plans.

How Should Resident Tuition Billings Be Prepared?

New York State Education Law provides for the funding of charter schools' operating budgets primarily by billing the public school districts in which their students reside. A charter school bills the school districts of residence for its provision of educational services. Charter schools are required to keep an accurate, up-to-date attendance record of student enrollment and daily attendance and report this data to the school districts of residence in a timely manner.

A charter school bills the school districts of residence every two months by submitting an invoice accompanied by a roster of resident students with physical addresses, names of parents/guardians, and any updated proof of residency when requested by the district. To ensure the appropriate school district of residence is being invoiced for tuition, charter schools must collect current proof of residency upon enrollment at the beginning of each school year, when changes occur, and periodically thereafter. Acceptable proof of residency includes copies of lease or mortgage agreements, utility bills, etc., dated within 30 days prior to registration or change in residency. Obtaining current proof of residency reduces the risk of a resident district disputing the residency of a billed student, and provides for efficient payment of amounts billed.

The school should maintain up-to-date residency information so bills can be prepared with a reasonable expectation that portions of the amounts billed will not be rejected by the resident school district for proof of residency issues. Therefore, the maintenance of an accurate student billing/enrollment roster is essential to creating accurate bills in order to be paid in a timely manner by the resident school districts.

Officials Do Not Obtain Current Proof of Residency From All Students Enrolled

The School maintains a record of student residency and requires an update annually in August, prior to the start of the new school year, by sending out letters to parents requesting they submit two current proofs of residency. If documentation is not submitted within 30 days, the staff will follow up by calling or stopping by the student's home to obtain the documentation. If payment for

any student is rejected due to not having current proof of residency on file, the Business Manager will obtain current documentation from parents and submit it to the resident school district for payment. However, we found the School did not obtain proof of residency for all students in order to bill the resident school districts for all students enrolled.

We examined all 713 bills totaling \$8.8 million submitted for the 2017-18 school year to the three largest resident school districts, based on revenue and enrollment, and determined that amounts billed for eight students totaling \$68,940 were rejected by resident school districts due to the lack of current proof of residency (Figure 1). For seven students at Albany City School District, the School could not provide documentation showing contact made with parents to retrieve documentation and billed the resident district even though it did not maintain adequate proof of residency. One student’s bill to Schenectady City School District was rejected for \$3,754 because the School did not have proof of residency documentation. The student’s parent was a School employee and School officials had assumed the parent would provide the documentation, but the parent never did. Also, the School failed to bill Schenectady City School District \$1,252 for a student because of an oversight; the student was enrolled for one month between billing periods.

Figure 1: Unpaid Claims

Resident District	Total Enrolled Students	Total Students Not Collected	Total Amount Unpaid
Albany	594	7	\$65,186
Schenectady	77	1	\$3,754
Troy	42	0	\$0
TOTAL	713	9	\$70,192

When the School does not obtain adequate and current proof of residency for all of its students, it risks resident districts rejecting tuition payments for students. The Director of Finance and Operations (Finance Director) told us that she was taking steps to collect this unpaid tuition as of the end of our field work.

How Should Management Provide Oversight of the Billing Process?

The Finance Director should review resident school district bills for accuracy prior to the bills being sent to the resident districts. The Finance Director's review should include comparing the total amount to be billed to the prior billed amounts and ensuring the coinciding student rosters are accurate and up-to-date. Performing a review before bills are mailed to the resident districts helps to identify any errors made in preparing the bills. The Finance Director should prepare and provide a summary report to the Board of the amounts billed, collected and expected to be collected, along with year-to-date results for each billing period.

The Board Is Not Periodically Informed of Billing Progress

The Finance Director told us that every month the Board discusses revenues with her based on its review of the profit and loss statement, which contains total budgeted and actual revenues collected to date. However, the Finance Director does not provide the Board with a detailed statement of billing progress including the actual enrollment of students and the corresponding amounts billed, received or rejected to date. Further, there is no record of amounts billed and received entered into the Board minutes. According to the Finance Director, the Board is satisfied with the report of the School's finances she provides. However, when amounts billed and collected are not reported to the Board, it is not aware of tuition bills that have been rejected by resident districts or changes in estimated revenue to be collected. Without a statement of billing progress, the Board cannot effectively monitor the School's finances and identify issues that need correction in a timely manner.

What Do We Recommend?

1. The Business Manager should ensure every enrolled student has current proof of residence on file and periodically ensure the student data system is accurate.
2. The Finance Director should provide the Board with information about tuition billed and collected.
3. The Board should request financial reports about tuition billed and collected and any amounts rejected by resident districts to monitor follow up action to collect tuition due the School.

Appendix A: Response From Charter School Officials



2012 National Blue Ribbon School of Excellence "Where Parents are Partners and Children Succeed"

*S. Neal Currie, Jr.
Elementary Principal*

*S. Moore-Boakye
Middle School Principal*

September 20, 2019

Office of the New York State Comptroller
110 State Street
Albany, NY 12236

Re: Albany Community Charter School Audit Report

Dear Sir –

We would like to thank the Office of the New York State Comptroller for this report. While we agree with the findings, we do not necessarily agree with the context in which the findings are presented. We do, however, recognize this as a past occurrence and have since refined our processes to ensure that all available monies are recognized for the benefit of the students and families we serve.

Sincerely,

Jennifer Brady
Director of Finance and Operations
o/b/h Michael Strianese, Board Chair

65 Krank Street – Albany, New York 12202
42 S. Dove Street – Albany, New York 12202

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Appendix B: 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 Section 2854 of the New York State Education Law, as amended by Chapter 56 of the Laws of 2014. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed School officials to gain an understanding of the School's billing process and procedures.
- We compared the student roster to the 2017-18 bills reconciliation for all resident students listed in the three largest school districts, Albany, Schenectady and Troy, based on revenue and enrollment, to determine whether all enrolled students were billed.
- We compared the student roster to the February 2019 bill for all resident students listed in Albany, Schenectady and Troy school districts to determine whether all enrolled students were billed.
- We examined the 2017-18 year-end reconciliations for Albany, Schenectady and Troy to determine whether all enrolled students were billed to resident school districts and whether the School received full payment by comparing the year-end reconciliation to the coinciding billing invoice and check stub.

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

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.

The Board has the responsibility to initiate corrective action. We encourage the Board to prepare a plan of action that addresses the recommendations in this report and forward the plan to our office within 90 days.

Appendix C: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

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

www.osc.state.ny.us/localgov/costsavings/index.htm

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

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

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

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

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

www.osc.state.ny.us/localgov/planbudget/index.htm

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

www.osc.state.ny.us/localgov/pubs/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.state.ny.us/localgov/finreporting/index.htm

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

www.osc.state.ny.us/localgov/researchpubs/index.htm

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

www.osc.state.ny.us/localgov/academy/index.htm

Contact

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