REPORT OF EXAMINATION | 2019M-206

True North Rochester Preparatory Charter School

Financial Oversight

MARCH 2020

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

Contents

Report Highlights

True North Rochester Preparatory Charter School

Audit Objective

Determine if the Board and School officials adequately monitor School financial operations.

Key Findings

The Board:

- Failed to provide oversight of the charter management organization (Company).

School officials did not:

- Ensure the Company provided all of the services required by its contract.
- Receive documentation that supported the service fees and reimbursements paid to the Company.
- Earn up to $28,000 if the Directors had used School-provided cash rewards credit cards.

Key Recommendations

- Take a more active oversight role in School finances.
- Negotiate written agreements that contain clear language and thoroughly detail each party's rights and responsibilities.
- Ensure all services and benefits stipulated in the contractual agreement are received and pay only for those stipulated services.

School officials disagreed with certain aspects of our findings and recommendations, but indicated they planned to implement some of our recommendations. Appendix D includes our comments on issues raised in the School's response letter.

Background

True North Rochester Preparatory Charter School (School) is located in the City of Rochester in Monroe County (County).

The School is governed by a Board of Trustees (Board) composed of nine members. The Board contracted with a Company and delegated its authority for the management and implementation of both the academic and non-academic operations.

The Board appoints a Principal and a Director of Operations (Director) for each of the six School buildings, who along with other administrative staff, are responsible for the day-to-day management of their building. The Principals and Directors are under the direct supervision of the Executive who is a Company employee.

Quick Facts	
Enrollment	2,250
Employees	272
2018-19 Appropriations	$36.7 million

Audit Period

July 1, 2016 – May 31, 2019

Financial Oversight

Our previous audit of the School found the Board's contractual agreement with the Company lacked clear and concise language detailing the services provided and the cost for those services.[1] As a result, the Board could not ensure they received the goods and services the School paid for. The Board did not implement sufficient corrective action to mitigate this weakness.

How Should the Board Oversee School Finances?

A board is responsible for ensuring that public funds are used effectively and efficiently for educational purposes. When a board has established an audit committee, the committee should take a proactive role in overseeing the financial and compliance reporting and disclosure process and the results of that process. The board has a responsibility to ensure the accuracy of the financial statements and compliance with laws, regulations and agreements.

The School's bylaws stipulate that the Board may delegate the management of School activities to others, as long as School affairs are managed and its powers are exercised and ultimately remain under the Board's jurisdiction. To accomplish these responsibilities, the Board must be informed vigilant overseers of School financial operations, even when it contracts with a company to provide management services for operations.

Best practices for managing contractual agreements include negotiating the terms and conditions (e.g., services and fees), ensuring compliance with the terms and conditions and documenting any agreed upon changes that may arise during the agreement's implementation or execution. To effectively monitor the agreement with the Company, the Board and School officials must understand the agreement, including the specific agreed to obligations.

According to the agreement, the Company is responsible for providing 19 services in return for a service fee. The agreement specifies Board and School official responsibilities, such as approving the budget and completing an annual written evaluation for the Company. Even when the Board delegates its authority, it is still responsible for adopting and monitoring comprehensive written policies that govern the day-to-day operations, such as a procurement policy, which provide clear expectations for how goods and services should be obtained.

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1 Refer to our prior audit report *True North Rochester Preparatory Charter School – Contract Management* (2014M-73) released in July 2014.

The Board Failed to Adequately Oversee the Company

The Board did not provide adequate oversight of the Company's work or actively direct and monitor financial operations. The Company provided the School's curriculum and performed all aspects of financial transactions for the School with little oversight. The Company failed to sufficiently act as the School's audit liaison and no audit committee acted independently from the Company during our audit period.

School officials with academic and financial responsibilities were recruited, trained, supervised, managed and evaluated by the Executive who was not a School employee as of July 1, 2017. As a result, the Board did not have a School official in either an academic or financial position who reported directly to it and ensured the School's best interests were placed before the Company's.

The Board failed to conduct an annual written evaluation of the Company as required by the agreement, which specified that the School provide an annual written evaluation of the Company's performance after the conclusion of each school year. The annual evaluation is an opportunity for the Board to meet with School staff to discuss the School's operations, evaluate the services provided by the Company and determine whether the Company is meeting the School's and the Board's needs.

When we asked the Board to provide us with copies of the last two written Company evaluations, the Board was unable to provide any evaluations. Instead, the Board Chairman provided us with the test scores for all schools in the County and a copy of the presentation prepared and presented to the Board by the Company. Because the Board lacked active oversight, we question whether it sufficiently monitored the Company to ensure that School funds were properly safeguarded and used for intended educational purposes.

Our review of the agreement disclosed that the Board failed to ensure the agreement provided clear language to thoroughly detail each party's rights and responsibilities as identified in our previous audit.[2] We identified 19 services the Company was to provide to the School (Refer to Appendix A – Services To Be Provided) and found that the Company did not fully or adequately provide seven of 18 services tested (39 percent).[3]

2 Ibid.

3 We did not perform testing pertaining to curriculum development and implementation because it was not within the scope of our audit.

Our audit showed that the Company did not provide the Board and School officials with accurate financial reports and budgets, sufficient detail to verify employee pay rates and deductions, supporting documentation for the calculation of its service fee and reimbursements paid the Company or sufficient IT support.[4] Further, the Company did not effectively act as the audit liaison during our audit, coordinate purchasing, manage the leasing of facilities or provide fundraising services to the School.

Financial Reporting – According to the agreement, the Company was responsible for providing the Board with accurate and timely financial reports, this included monthly bank statement reconciliations. The Company provided each Director with monthly financial statements and provided the Board with quarterly financial statements.

We reviewed eight monthly financial statement reports and three quarterly financial statement reports and compared the cash balances as reported to the bank reconciliations. We found that the bank reconciliations did not agree to the cash reported in all eight monthly reports and on two quarterly reports. Additionally, the cash balances shown on two monthly reports (December 2017 and March 2018) did not agree with the cash shown in the corresponding quarterly reports (Figure 1).

Figure 1: Cash Balance Differences

Month/Quarter End	Reconciled Cash Balance	Monthly Financial Statement Cash Balance	Quarterly Financial Statement Cash Balance
August 2017	$3,923,494	$4,192,048	
September 2017	$5,378,644	$5,593,971	$5,593,971
October 2017	$4,265,048	$4,480,649	
November 2017	$4,930,060	$5,145,621	
December 2017	$2,470,941	$2,685,626	$2,707,445
January 2018	$871,922	$4,201,242	
February 2018	$6,740,033	$6,711,146	
March 2018	$6,710,046	$6,628,926	$6,710,046

4 Refer to our audit report *True North Rochester Preparatory Charter School – Information Technology* (2019M-148) released in October 2019.

Company officials told us that the differences occurred because they performed a soft close of the books each month and did not always have the deposit detail from the Directors before preparing the financial statements. The Board and Directors were unaware of these differences because reconciled bank statements were not provided, requested or reviewed along with the financial reports.

Further, we found that the Company didn't provide all monthly, quarterly and annual financial reports as required and some reports were not provided in a timely manner. Specifically, the Company did not provide 13 of the 144 monthly reports (9 percent), two of the eight quarterly reports (25 percent) and no annual reports. In addition, the information contained in three quarterly reports was more than a month old when provided to the Board.

The Board and School officials' ability to provide financial oversight was limited by missing financial reports and reliance on inaccurate and untimely financial reports. As a result, they are uninformed of the true financial position and unable to detect errors and irregularities in a timely manner, if they occur.

Budgeting – The Company, in conjunction with the Directors and Principals prepared an annual budget for each of the six School buildings. Generally, the Board-adopted budgets were conservative. Specifically, we found the budgets underestimated total revenues and expenses.

For example, 2017-18 estimated revenues of four School buildings were underestimated by approximately $1.5 million, while estimated revenues of two buildings were overestimated by approximately $93,000 for combined underestimated revenues of approximately $1.4 million. Expenditures for all six buildings were underestimated by approximately $1.7 million.

Our review of the 2018-19 budget found that revenues were more accurately estimated, but expenditures were underestimated. Specifically, we found that estimated revenues for two buildings were underestimated by approximately $411,000, while estimated revenues of four buildings were overestimated by approximately $677,000 for combined overestimated revenues of $266,000. Total expenditures for all six buildings were underestimated by approximately $1.7 million.

Payroll – We reviewed the payroll payments made to 13 employees[5] during December 2017 to determine whether the payroll report provided by the Company was accurate and properly supported. We requested documentation from the Company to support these employees' salary and elective and mandatory payroll withholdings.

5 Refer to Appendix E for information on our sampling methodology.

We found that the rate of pay reported for 12 employees on the payroll report exceeded the amount supported by each employees' contract by $52,867. Company officials told us that in general, employees receive a mid-year raise depending on longevity, performance and leadership rolls, yet Company officials did not provide any additional information to support the increased salaries. In addition, Company officials did not provide sufficient supporting documentation for us to verify whether these employees' elective and mandatory payroll withholdings were accurate.

Audit Liaison – Although the Board established an audit committee from its members, it did not take an active role during our audit and deferred all responses to the Board Chairman. According to the agreement, the Company was required to serve as the audit liaison for School audits and provide all reasonably requested information needed to complete an audit.

While the Company served as the liaison for our audit, Company officials were unresponsive to our requests for information, which significantly expanded the time needed to complete our audit. We often had to make several requests to get documentation and many times no documentation was provided. As a result, the Company did not provide sufficient documentation for their service fee, reimbursements and cost allocations and School employees' increased wages and elective and mandatory payroll withholdings.[6]

Officials Did Not Ensure Goods and Services Were Obtained or Received in an Economical Manner

The Board delegated nearly all management responsibilities to the Company and did not provide adequate oversight. As a result, there was an increased risk that School officials paid more for goods and services than necessary and did not receive all goods and services from the Company that it paid for.

The Company was unable to provide us with supporting documentation to show how its service fees were calculated, did not disclose detailed internal cost information to support the reimbursement of expenses it paid on the School's behalf or explain how its operating costs were allocated to the School (the Company managed several charter schools throughout New York and Massachusetts with allocated costs incurred on behalf of more than one school). Further, we identified purchasing practices, which resulted in the uneconomical purchase of goods and services.

To receive payment, quarterly the Company would send a fund transfer authorization form to each School building's Director that listed the service fee and reimbursement for related expenses. Once the Directors approved these payments, the Company would initiate a direct debit of the School's bank account.

6 Refer to Appendix B for additional information on the Company as audit liaison.

Service Fees – The agreement between the School and Company stipulated that the School would pay a service fee for the all services provided. In addition, all salaries, employee benefits, materials, overhead and travel related expenses were to be the sole financial obligation of the Company and not the School's responsibility.

A service fee was calculated for each School building. According to the agreement, the fee is equal to a percentage ranging from 8 to 10 percent of the average number of students enrolled at the School during the school year (as of June 1) multiplied by the weighted average of approved per pupil tuition for the school year,[7] plus all other public entitlement funding receivable from July 1 through June 30 (excluding all in-kind contributions and funds from competitive public grants).

Service fees were payable in four installments due on September 30, December 31, March 31 and June 30 each year. In accordance with the agreement, the first three installments were supposed to be based on the School's good faith estimate of anticipated enrollment each year and the June 30 installment was to include adjustments to correct any over or underpayments.

We found that over the last three years the Company's service fee increased by more than 30 percent, which correlates to the increased student enrollment.

Figure 2: Company Service Fees

Year	Amount
2016-17	$2.2 million
2017-18	$2.6 million
2018-19	$2.9 million

Although the amount the Company withdrew for service fees through direct withdrawals from the School's bank account appeared reasonable when compared to the Board-adopted budgets, the Company was unable to provide us with sufficient supporting documentation for the service fee calculations. As a result, we were unable to determine whether the Company was appropriately paid for providing services in accordance with the agreement. Further, we found that the Company failed to fully or adequately provide all the services in accordance with the agreement (refer to "The Board Failed to Adequately Oversee the Company").

7 The percentage rate was 10 percent for a building in each of its first three years of existence and decreased by one percentage point in each successive year with a lower limit of 8 percent. However, the contract schedule provided for a .5 percent rate reduction each year instead. For the 2017-18 school year the School had three schools in operation with a fee of 8 percent of revenue, one school at 9 percent, one school at 9.5 percent and one school at 10 percent. Approved per pupil tuition means the per pupil tuition provided by the public school district(s) of residence of students attending the School as approved by the New York State Education Department.

Company Reimbursement – In addition to the service fee, the agreement stipulated that the Company was entitled to reimbursement for certain expenses. These expenses included School employees' salary and benefit costs, debt payments, marketing and public relations costs, supplies, maintenance, staff development, curriculum materials, assessment materials and consulting fees, other third-party consulting expenses, transportation and travel, printing, duplicating and postage and legal and accounting fees.

The Company provided the Directors with a spreadsheet that listed the expense description, vendor and dollar amount. However, the spreadsheet did not include any supporting documentation, such as an invoice or receipt.

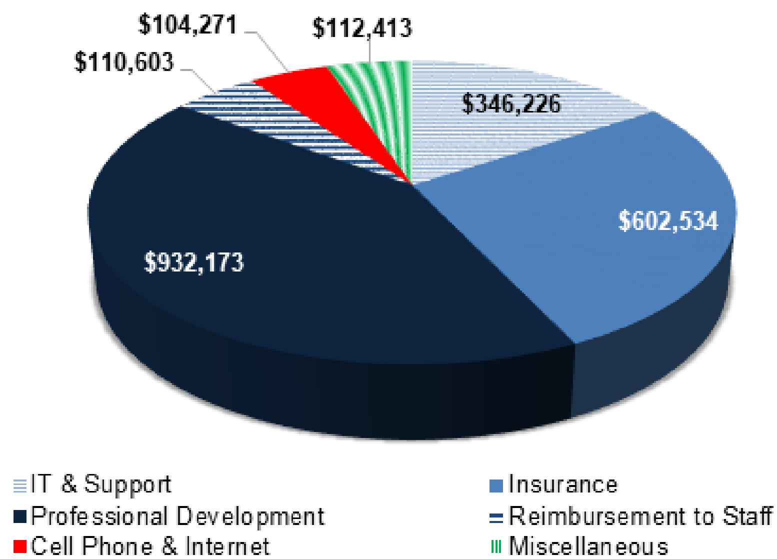
The Directors told us that they scanned the spreadsheet to see whether any of the expenses appeared out of the ordinary, and if not, approved the reimbursement despite the lack of documentation. In addition to the reimbursements that the Company paid on the School's behalf, the Company allocated a portion of its operating costs to the School with no supporting documentation.

In addition to service fees, from July 1, 2016 through April 30, 2019, the Company withdrew approximately $2.2 million in reimbursed and allocated costs (35 percent of total service fees paid[8]) without assurance that these costs were actual School obligations. The expense reimbursements included, but were not limited to, the following: marketing, professional development, advertising for student recruitment, flexible spending account fees, health, dental and life insurance and credit card bills for stadium seats, dinners and food.

8 Average for 2016-17 and 2017-18

FIGURE 3

Reimbursed and Allocated Costs from July 1, 2016 through April 30, 2019



Several of these charges were for services the Company was already compensated for via the service fee and were required to provide under the terms of the agreement, or should be considered a normal cost of doing business for the Company and not charged back to the School. Further, no explanation was provided for how some of the Company's costs were allocated among the six school buildings.

The Company included $1,055 in travel related costs as a part of its reimbursement, despite the agreement expressly specifying that the Company was responsible for all travel related expenses incurred by its employees in the delivery of service to the School.[9]

Furthermore, the Company had direct access to the School bank account allowing it to directly withdraw funds from the bank account. Because a School official did not review supporting documentation, such as receipts and invoices, to ensure that reimbursed and allocated costs were actual and necessary, there is an increased risk that the School paid for goods and services that were not provided or were not its obligation.

9 The School paid $577 in 2016-17, $320 in 2017-18 and $158 from July 1, 2018 through April 30, 2019 for Company related travel expenses.

Purchasing – According to the agreement, the Company would coordinate purchasing. However, the School had a decentralized purchasing process, where each Director was responsible for the procurement of all goods and services necessary to operate their building. Because the Board failed to adopt a procurement policy, the Directors used the Company's operations manual as guidance for the procurement of goods and services.[10]

Directors often made purchases on the School's behalf using their own personal credit cards and submitted a reimbursement voucher for approval by the Executive. In addition, the Directors purchased goods and services in a manner that did not ensure the prudent and economical use of public funds to facilitate the acquisition of goods and services of maximum quality at the lowest possible cost.

Although the agreement specified that the Company should have no responsibility to make any purchases on the School's behalf or to act as disbursement agent for the School unless and until the funds for such expenses were in the School's bank accounts to which the Company had access, the Company made purchases on behalf of the School without oversight.

For the 21-month period (from July 1, 2016 through March 31, 2018), the Directors used personal credit cards to purchase goods and services for the School totaling $937,450, approximately $44,640 each month. Many of the purchases were made on the spur of the moment through online websites and without consulting the other building Directors to determine whether they had the same needs. As a result, quantity discounts for like items were not obtained.

In addition, the School reimbursed Directors $14,584 for meals, food and miscellaneous items, such as fresh fruit, soda, cold medicine, and snacks that were provided to staff because the Board failed to provide guidance related to food and meal expenses. The Directors also purchased $1,750 in gift cards and provided no supporting documentation for the purpose. Further, Directors were reimbursed approximately $688 for express shipping to obtain many of these items, which was excessive or unnecessary because the items could have been purchased locally.

The following examples reflect some of these types of purchases:

- A Director paid $720 for lunch for 50 people and $519 for lunch for 40 people without providing a list of those who attended or the business purpose for the lunch and paid $183 for soda, sports drinks and snacks.

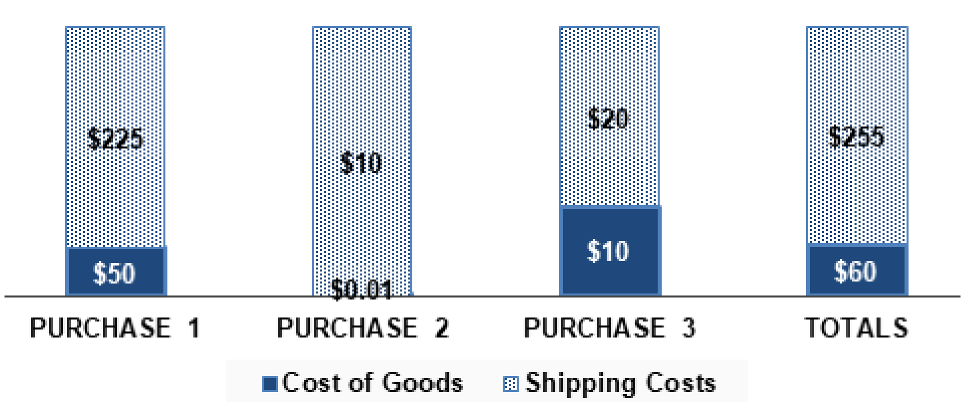
10 The operations manual required competition be sought by the School only when the per-unit cost of an item exceeded $2,000.

- A Director paid $500 for a catered breakfast without providing a list of those that attended the breakfast or the business purpose.
- A Director was reimbursed $365 for dinner at a restaurant and another Director was reimbursed $297 for a dinner at a restaurant while traveling. However, neither Director provided us with documentation showing who attended the dinner or the business purpose of the dinner.
- A Director was reimbursed $583 for the purchase of six Visa gift cards totaling $550 (one $200 gift card, three $100 gift cards, and two $25 gift cards) that included $33 in gift card activation fees, without providing a list of who the gift cards were for or the business reason.
- This Director also purchased five gift cards totaling $505 from an online retailer. These gift cards included a $250 gift card given to a vendor (for a college employee who helped set up advanced placement classes for students to take at the college), two $100 cards given to two students (one thanking the student for hard work and no explanation for the other student), and a $30 gift card and a $25 gift card given to two staff members (one for working a fundraiser and the other for helping make copies).

<u>Excessive Shipping Costs</u> – In January 2018, a Director purchased seeds, potting soil, sand and plastic cups totaling $50 and paid $225 to have the items shipped to the School (Purchase 1). In October 2017, a Director purchased a wooden ruler for a penny and then paid $10 to have the ruler shipped to the School, significantly increasing the cost of the ruler (Purchase 2). In November 2017, a Director purchased a computer cord for $10 and then paid $20 to have the cord shipped to the School (Purchase 3).

FIGURE 4

Cost of Goods vs. Shipping Costs



Inappropriate or Unnecessary Purchases and Fees – We reviewed all disbursements made during December 2017 and January 2018 and found that the Company processed payments that unnecessarily included sales tax and late fees, inappropriately paid a vendor with family ties to a School employee and reimbursed the Directors for items of a personal nature. Specifically, our review found the following:

- The Company processed two inappropriate payments totaling $4,947 ($204 in December 2017 and $4,743 in January 2018) to a business owned by the father of an employee, which was prohibited by the School's charter.[11]
- The School unnecessarily paid $3,773 in sales tax on 97 purchases totaling $100,081, of which $1,973 could have been avoided had the Directors provided a valid tax exemption form when making purchases with their personal credit cards.
- The School unnecessarily paid $472 in late fees on seven purchases because the Company failed to process payments in a timely manner.
- The Company erroneously processed reimbursements to two Directors totaling $743 because they submitted a receipt for reimbursement twice, which was not detected.

Even with a decentralized purchasing function, the purchase of goods and services should be made after making a conscientious attempt to seek competition and to purchase like items in quantity. The lack of coordinating purchases by the Company and Directors caused the School to lose out on potential quantity discounts. In addition, the School paid more than necessary for items because the Directors did not obtain cost comparisons and paid unnecessary sales tax and shipping costs.

In addition, these goods and services could be purchased with School funds instead of relying on the Directors to make these purchases using their personal credit cards. Had the School provided the Directors with School credit cards for procurement, the School could have participated in a cash back rewards program and received this money directly to offset the purchase of goods and services.

We reviewed existing credit card offers and found that various financial institutions offered a cash back rewards program that ranged from one to three percent of the total cost of purchases made on the card. If the School had used one of these rewards programs, it could have potentially earned from $9,300 to $28,100 in cash back rewards depending on the program.[12]

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11 According to the charter, dated February 18, 2014, Section 2.5 Transactions with Affiliates states in part that the Education Corporation shall not, directly or indirectly, enter into or permit to exist any transaction with any affiliate of the Education Corporation, any member past or present of the Education Corporation Board or any employee past or present of the Education Corporation, any immediate family members of the foregoing individuals.

12 As previously discussed, the Directors were reimbursed $937,450 for purchases made on their personal credit cards. We calculated the potential cash rewards using 1 percent and 3 percent of the $937,450 in purchase reimbursements.

Information Technology (IT) Assets – During our review of the Directors' purchases, we identified the purchase of 34 IT assets totaling $9,752 that were highly susceptible to theft. To determine whether these items were purchased for appropriate purposes and properly safeguarded, we conducted a physical inventory and located 19 of these assets. However, we were unable to determine the existence of 15 IT assets (44 percent) totaling $699.

School officials were unable to locate two tablet computers costing $241, 12 smart speakers costing $418 and one computer sound bar costing $40. School officials told us that the smart speakers were used as gifts to staff and the Company's management team and the sound bar was possibly discarded because it was broken. However, officials had no explanation for the missing tablets. Because officials did not ensure that up-to-date hardware inventory records were maintained, they were unaware that the missing items (tablets and sound bar) were not at the School. Further, the Board's ability to develop a written IT asset replacement plan is hindered.

Leases – The School leased some facilities from the Company's wholly owned subsidiaries. The Company also provided bookkeeping services to these subsidiaries. Despite the close relationship between the Company and its subsidiaries, neither the Board nor the Company were aware that one subsidiary's lease was for space the School no longer used. As a result, the Company mistakenly processed a rent payment for $74,581 for the inactive leased space.

Further, instead of refunding the erroneous payment to the School, the Company recorded the overpayment as a prepaid expense in the School's financial software. Given the close relationship between the Company and the subsidiaries who owned leased buildings, Board involvement is of greater importance.

Fundraising – The agreement requires the Company to provide fundraising support, as needed, on the School's behalf. However, we were unable to determine whether the Company conducted any fundraising. A Company official told us that the Company rarely held fundraising events for the School and the Board President was heavily involved in fundraising activities. The Company provided us with a list that showed the School raised approximately $728,000 in 2016-17 and $317,000 in 2017-18 through fundraising.

What Do We Recommend?

The Board should:

1. Negotiate written agreements that contain clear language and thoroughly detail each party's rights and responsibilities. Ensure that agreements include schedules that set timeframes for deliverables and that material changes to written agreements are supported by properly authorized addendums.

2. Take a more active oversight role managing the School's finances.
3. Implement comprehensive procurement policies and procedures to provide detailed guidance to employees with clear language, which address procurement of goods and services including how competition should be sought for purchases.
4. Consider obtaining a credit card for the School that offers a cash back rewards program.
5. Perform a written annual evaluation of the Company, as required.
6. Review and verify the annual service fee and allocation of indirect costs paid to the Company.

School officials should ensure:

7. They receive all services and benefits stipulated in the agreement and are paying only for those stipulated services.
8. Purchases are made in a cost effective manner and are an actual and necessary expense.
9. The School is making payments that are in compliance with its charter.
10. The School is not paying sales tax on purchases.
11. All bills are paid in a timely manner, to avoid paying late fees.
12. All IT assets purchased by the School remain School assets, until they are deemed obsolete.

Appendix A: Services To Be Provided

In exchange for the service fee paid by the School, the Company was required to provide the following services:

1. Designing comprehensive programs, including curriculum development and implementation, instructional oversight, the development, administration, and analysis of diagnostic assessments, and the oversight, measurement, and management of school quality;
2. Finding adequate Facilities and coordinating financing and the completion of major repairs;
3. Fundraising support, as needed;
4. Recruiting Principals, Directors of Operations, teachers, and administrators;
5. Training and evaluating the Principals and Directors of Operations;
6. Providing professional development for teachers;
7. Preparing a budget, subject to approval of the Board, and monthly/quarterly financial statements;
8. Coordinating payroll and providing bookkeeping services;
9. Serving as a liaison with the auditor;
10. Coordinating purchasing;
11. Selecting and managing benefits plans for School employees;
12. Maintaining human resource files for School employees;
13. Facilitating the School's purchase and procurement of information technology equipment and services, and providing certain computer and information technology support to the School Programs, including troubleshooting, website and network design, and completion of E-Rate applications;
14. Completing required foundation and government reports, including, but not limited to the School's annual report;
15. Facilitating student recruitment;
16. Providing marketing and advocacy for the School;
17. Conducting School Program accountability inspections at least every two years;
18. Assigning a Company Executive or Executives who shall be responsible for supervising and managing the Principals and Directors of Operations, and for managing and implementing the academic and non-academic operations of the School. The Company Executive or Executives shall be elected as an ex-officio member of the Board of Trustees and shall be entitled to participate in all discussions and to vote, subject to the Bylaws of the School, except in those instances in which his/her employment with the Company may pose a conflict of interest with his/her obligations as a trustee of the School;

19. Securing and maintaining, at its own expense, the following insurance and adding the School as an additional insured as its interests may appear for liability arising out of the Company's operations, including the right of the School to receive notices of cancellation of at least 30 days in advance of cancellation, in the minimum amounts set forth as follows:

    - Commercial general liability insurance with limits of $1 million per occurrence and $2 million aggregate;
    - Educators legal liability with limits of $1 million per claim and $1 million aggregate;
    - Employee practices liability insurance with limits of $1 million per claim and $1 million aggregate;
    - The Company must obtain insurance for damage it or its employees may cause to the School's buildings, School property, or personal injury to School staff or others in the buildings.

Appendix B: Audit Liaison Time Line

Summary of challenges we had with the Company officials throughout the course of our audit:

Figure 5: IT Testing

Item Requested	Initial Request	Additional Requests	Date Received	Days From Request to Receipt
Date to perform IT testing	06/05/2018	06/08/2018	10/09/2018	126
		06/11/2018		
		06/12/2018		
		06/14/2018		
		06/26/2018		
		06/28/2018		
		10/09/2018		

<u>June 5, 2018</u> – We made an in-person request to the Company Executive to schedule a date for testing IT assets at the School in relation to our separately reported IT audit.[13] On June 8, we sent a follow up email to the Executive to request a date for the testing.

<u>June 8, 2018</u> – The Executive requested additional information from us about specific procedures to be performed during our audit.

<u>June12, 2018</u> – Confirmed the details of the upcoming June 14, 2018 phone conference and reiterated the request to start IT testing at the start of the following week.

<u>June 14, 2018</u> – The Company requested a phone conference to discuss IT testing. Phone conference held to discuss IT testing with Company officials.

<u>June 26, 2018</u> – We responded to Company concerns about IT testing and requested a date be selected for IT testing.

<u>June 28, 2018</u> – We sent an email to the Executive with the information discussed on June 26 and requested an IT testing date of July 2, 2018.

<u>June 29, 2018</u> – We received a response to our June 28 email from the Executive. He told us that he would pass along the information we sent to Company staff in New York City but that most staff, including himself were on vacation the next two weeks, so these may not come through until the week of July 16.

13 Refer to our separate audit report, *True North Rochester Preparatory Charter School – Information Technology* (2019M-148).

July 16, 2018 – We received an email from the Executive's direct supervisor asking whether we were receiving everything needed and why she had not heard anything back from us since our June 14 phone conference. Due to the significant delays from Company officials and the need to keep the audit moving forward, we decided to focus our audit objective on the School's financial management and would proceed with our IT audit at a later date.[14]

October 9, 2018 – We scheduled a date for IT testing, which was 126 days after our initial request.

Figure 6: Canceled/Shortened Meetings

Date Meeting Requested	Scheduled Meeting Date	Rescheduled Meeting Date	Meeting Results
07/18/2018	07/19/2018		Executive ended the meeting early
07/31/2018	08/01/2018	08/03/2018	Executive was unavailable
	08/03/2018	08/06/2018	Provided company staff a list of needed documents
05/14/2019	05/31/2019 10:00 a.m.	5/31/2019 10:15 a.m.	Executive unavailable, rescheduled start time
	05/31/2019 10:15 a.m.	5/31/2019 10:30 a.m.	Executive unavailable, rescheduled already rescheduled start time
	05/31/2019 10:30 a.m.		Executive called late, limited allotted time for meeting

July 18, 2018 – We requested a 30-minute meeting with the Executive to discuss the financial oversight audit and the Executive told us that he was available on July 19.

July 19, 2018 – We met with the Executive and he cut the meeting short after about 15 minutes because he had to attend training.

July 31, 2018 – We requested a meeting with the Executive for August 1, 2018 to go over some outstanding questions related to the audit. The Executive accepted our meeting request. Later that day, the Executive canceled the meeting with no explanation and told us that he would not be available to meet until August 2 or 3. We agreed to meeting on August 3 at 12:00 p.m.

14 Ibid.

August 2, 2018 – The Executive notified us that he was unavailable to attend our meeting scheduled for August 3 and requested we reschedule our meeting to August 6 or 7. We responded that either day was fine with us.

August 3, 2018 – The Executive agreed to meet with us on August 6, 2018 at 9:00 a.m. The employee list was provided by the Company.

August 6, 2018 – We held a phone conference with Company staff to go over the items needed for our audit and provided Company staff with a detailed list of documents required for the audit, 18 days after our originally scheduled meeting (for July 19, 2018) was cut short.

May 14, 2019 – We requested a meeting with Company officials to discuss our preliminary audit findings. The Company confirmed our conference call meeting for May 31, 2019 at 10:00 a.m.

May 30, 2019 – We confirmed our scheduled conference call with the Executive for May 31 and the Executive confirmed the meeting date and time.

May 31, 2019 – At 9:56 a.m., the Executive notified us that he was on another conference call and wanted to know whether we could push the meeting back to 10:15 a.m. to which we agreed. At 10:22 a.m., the Executive informed us that he was still on the other conference call and asked whether we could reschedule to 10:30am, to which we agreed. At 10:35 a.m., the Executive notified us that he was finished with the other call and could discuss the findings with us but that he only had until 11:00 a.m. available because he had another meeting he could not miss.

Figure 7: Capital Projects List

Item Requested	Initial Request	Additional Requests	Date Received	Days From Request to Receipt
Summary of Capital Projects	08/06/2018	10/06/2018	10/15/2018	70

August 6, 2018 – We requested a list of all capital projects including a project description, construction manager, costs-to-date, estimated cost to completion and any request for proposal documents.

August 10, 2018 – The Company provided us with a list of payments made for capital projects, which was not what we requested.

October 15, 2018 – The Company provided the requested list 70 days after our initial request.

Figure 8: Payroll Information

Item Requested	Initial Request	Additional Requests	Date Received	Days From Request to Receipt
Payroll Information	08/06/2018	10/31/2018	11/01/2018	87

August 6, 2018 – We requested payroll reports, time sheets, leave requests, employee reviews, written job descriptions, W-4s, I-9s, teaching certifications, individual employment contracts and support for all mandatory and elective payroll deferrals for a sample of employees for our test month.

August 13, 2018 – The Company provided us with the payroll reports, individual employment contracts, W-4s, and I-9s for the selected individuals. However they did not provide time sheets, leave requests, employee reviews, written job descriptions, teaching certificates or any support for mandatory and elective deferrals.

October 31, 2018 – We again requested the same payroll documentation we originally requested on August 6, 2018. We also provided the Company with a list of employees whose reported wages did not agree to their individual employment contract and requested additional supporting documentation.

Figure 9: Payments from the School to the Company

Item Requested	Initial Request	Additional Requests	Date Received	Days From Request to Receipt
List of All Payments from the School to the Company Including Supporting Documentation for Service Fees and Allocated Costs	08/06/2018	08/08/2018	11/5/2018	91
		10/06/2018		
		10/31/2018		

August 6, 2018 – We requested a list of all payments the School made to the Company.

August 8, 2018 – The Company provided partial support for the calculation of their service fees.

October 6, 2018 – We requested additional supporting documentation for the calculation of the Company's service fees.

November 5, 2018 – The Company responded to our additional requests 91 days after our initial request, but provided the same incomplete documentation as before. The Company never provided sufficient information to support the calculation of service fees.

Appendix C: Response From School Officials

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February 3, 2020

Edward V. Grant Jr., Chief Examiner
The Powers Building
16 West Main Street, Suite 522
Rochester, New York 14614-1608

Dear Mr. Grant,

The Board of Trustees of True North Rochester Preparatory Charter School acknowledges receipt of the New York State Comptroller's recent report of examination for Financial Oversight for the audit period July 1, 2016 through May 31, 2019. The Board recognizes, and takes seriously, our responsibility to provide the necessary oversight to ensure that our school is financially viable and able to fulfill our educational mission. We are committed to ensuring that our internal control environment exemplifies the commitment we have to our students and families, is sustainable, and efficiently allocates resources in the best interest of public education.

Executive Summary:

While we acknowledge that several of the recommendations and cautions the Office of the State Comptroller presented in its report are sound, we strongly disagree with the characterization of many of the report's other findings. Throughout the report, the reader gets the sense that the School, the Board and the Company were unresponsive to the Comptroller's requests. That characterization is simply incorrect. Throughout the 21 months that elapsed between the audit's initiation and our receipt of the draft report, approximately 265 hours of collective staff time was spent responding to information requests. We provided over 120 separate data responses, shared at least 4,000 individual documents and financial records and persuaded a departing employee to stay on for an additional two weeks for the sole purpose of responding to document requests. On multiple occasions over the course of the audit both the Board Chair and Company leadership reached out to the audit team for updates on the audit's progress, yet at no time was any concern about a lack of responsiveness on our part communicated to us.

As you will note in our response to Recommendation #2, Rochester Prep's annual financial budgets are constructed from very conservative assumptions so as to insure the School has an adequate financial cushion should any unanticipated needs that arise. We believe this fiscal prudence to be wholly appropriate.

Rochester Prep
Elementary School
Jay Campus
899 Jay Street
Rochester, NY 14611
T: 585 235 0008
F: 585 235 0014

Rochester Prep
Elementary School 3
85 St. Jacob Street
Rochester, NY 14621
T: 585 368 5110
F: 585 467 4155

Rochester Prep
Elementary School
West Campus
85 St. Jacob Street
Rochester, NY 14621
T: 585 368 5100
F: 585 467 4155

Rochester Prep
Middle School
Brooks Campus
630 Brooks Avenue
Rochester, NY 14619
T: 585 436 8629
F: 585 436 5985

Rochester Prep
Middle School
West Campus
432 Chili Avenue
Rochester, NY 14611
T: 585 368 5090
F: 585 368 5111

Rochester Prep
High School
305 Andrews Street
Rochester, NY 14604
T: 585 368 5111
F: 585 423 9625

rochesterprep.uncommonschools.org

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That said, there are several audit recommendations that we are in agreement with, such as those pertaining to credit card practices and sales tax minimization. Those recommendations will be quickly implemented. Our detailed response to each specific recommendation is as follows:

Recommendation #1: The Board should negotiate written agreements that contain clear language and thoroughly detail each party's rights and responsibilities. Ensure that agreements include schedules that set timeframes for deliverables and that material changes to written agreements are supported by properly authorized addendums.

The Board acknowledges that the agreements highlighted in this report lack specificity in that they do not present schedules and deliverables for goods and services. However, these agreements were drafted to define the relationship between parties while allowing for the flexibility necessary to accomplish the School's educational mission. The Board believes this flexibility is important in order to accommodate the myriad contingencies that develop over the course of a school year. However, the Board will review the executed Master Services Agreement between the School and the Company to, where feasible, more adequately detail the relationship, scope and deliverables between part.

Recommendation #2: The Board should take a more active oversight role in managing the School's finances.

The Board is committed to fiscal accountability and takes seriously its fiduciary responsibility to provide oversight of the charter management organization. Our commitment to governance is evidenced by our frequent meetings with officials of the Company to address academic, operational and fiscal matters. However, in response to the Comptroller's report, the Board intends to expand its oversight by creating the equivalent of an internal audit function, most likely via the retention of an independent third-party accounting firm, to more actively oversee both the design of, and compliance with, the School's internal controls. The intent is to increase our oversight of both the Company and our school campuses while recognizing that this expanded oversight will require a material expenditure of limited School funds.

In addressing the accuracy of the School's financial reports and budget, we recognize that some of the financial reports reviewed were inaccurate in that internal cash balance totals did not reconcile with bank statements. We have already taken steps to address this finding and have changed our month-end closing procedures.

That said, other report findings are flawed in that they fail to recognize the conservative assumptions utilized when crafting the School's annual budgets. We view this conservative approach to be only prudent given the uncertainty of the School's revenue dynamics. Given that budgeted FY 2019 revenue was within 1% of the year's actual revenue and FY 2019 actual expenses were 8% below the School's budgeted expenditure level, we strongly disagree with the tone of the Comptroller's critical commentary around the School's budgeting process.

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Rochester Prep, like all charter schools, is a “school of choice” with no dedicated residential service population. This makes forecasting charter school enrollment demonstrably more difficult than forecasting district school enrollment and therefore limits the visibility of future per-pupil revenue streams.

Revenue forecasts are further complicated by variation in the student mix from one year to the next, with material differences in the per-pupil reimbursement the School receives for students residing in one school district versus those living a neighboring district. Rochester Prep currently enrolls students residing in 13 different school districts. The per-pupil revenue the School receives from each of these various districts ranges from a low of $11,420 in the Churchvillle-Chili Central School District to a high of $16,148 in the Wheatland-Chili Central School District. In addition, Students with Disabilities may be reimbursed at a higher per-pupil rate than General Education students.

Consequently, the School’s annual revenue forecasts depend on accurately estimating: a) the number of students who will enroll in a given year b) the residency mix of those students as well as c) the percentage of our students who will be classified as Special Education students and therefore command a revenue premium. Given these complexities, the fact that our budgeted estimates came in within 4% of the actual revenue number in FY 2018 and 1% in FY 2019 is a testament to the quality of our budgeting work.

Recommendation #3: The Board should implement comprehensive procurement policies and procedures to provide detailed guidance to employees with clear language, which address procurement of goods and services including how competition should be sought for purchases.

The Board recognizes the need for comprehensive procurement policies and procedures to provide adequate guidance to employees and allow for prudent procurement practices. It is our current practice to ensure that all claims processed comply with organizational guidelines and include necessary support documentation prior to payment. However, we acknowledge that much of our process is manual and human error can occur. With this understanding, the Board will work with the Company to create a procurement policy that articulates the principles, processes and procedures that will apply to all purchases of goods, services and works.

Recommendation #4: The Board should consider obtaining a credit card for the School that offers a cash back rewards program

The Board acknowledges the benefits of corporate credit cards as opposed to personal credit cards and is in agreement with this recommendation. The use of corporate credit cards will allow for better management of expenses (i.e. spending limitations per transaction and/or category) and facilitate the use of the School’s sales tax exemption. The Board is actively pursuing the implementation of corporate credit cards for use by School leaders.

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Recommendation #5: The Board should perform a written annual evaluation of the Company, as required.

To ensure that our comprehensive oversight of the Company is documented and properly archived, the Board will formalize our current assessment measures in an annual evaluative report. This report will encompass our assessment of the Company's management of the School's financial assets as well as the overall School leadership, operational efficiency, academic achievement (instructional quality), school culture, school climate, as well as family and community engagement.

Recommendation #6: The Board should review and verify the annual service fee and allocation of indirect costs paid to the Company.

The annual service fee is vetted by a third-party auditing firm and the auditor's report is reviewed by the Board's Finance Committee. The School's auditor has confirmed to the Comptroller's Office that they tested the accuracy of the fees payed to the Company by the School and that the fees were accurately calculated and paid.

See Note 1 Page 29

While we believe this process shows our efforts to be thorough, we are always open to evaluating ways to improve our processes. Going forward, in addition to our annual financial audit, this will also be one of the duties of the outsourced internal audit function referenced above.

It must be noted that supporting documentation presenting the detail associated with the annual service fee by school and indirect costs to the Company was submitted to the Comptroller's auditors for review, and no further requests for additional detail were received.

See Note 2 Page 29

Recommendation #7: School officials should ensure they receive all services and benefits stipulated in the agreement and are paying only for those stipulated services

See Note 3 Page 29

The Board strongly disagrees with statements made throughout the report that suggest the Board lacked oversight and diligence in ensuring receipt of services and benefits stipulated in the agreement with the Company. For example, the report referenced the more than 30% increase in annual service fees paid by the School to the Company but failed to note the accompanying increases in student enrollment (24%) and Core Aid (8%) over the same time period. With respect to philanthropy, as noted in the Service Agreement between Company and the School, the Company provides fundraising assistance to the School on an as-needed basis. Because the School has recently undertaken a capital campaign to solicit the donated funds necessary to build a new high school, the Company has recently appointed a Director of Campaigns, at the Company's expense, to lead this effort.

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Recommendation #8: School officials should ensure purchases are made in a cost-effective manner and are an actual and necessary expense.

The Board agrees that a strong control environment ensures taxpayer funds are spent in a sound and prudent manner. We are committed to evaluating our current practices and implementing policies to govern improvements in our procurement processes.

Recommendation #9: School officials should ensure the School is making payments that are in compliance with its charter.

We recognize that a sound internal control environment must reside throughout the organization and not just with the Board. In this vein, we have begun to reevaluate the policies and practices carried out by School leaders to identify improvements to strengthen controls and compliance.

Recommendation #10: School officials should ensure the School is not paying sales tax on purchases.

As discussed in our response to Recommendation #4 above, the Board acknowledges the benefits of corporate credit cards as opposed to personal credit cards. One of the benefits of corporate credit cards is that these cards allow for sales tax-exempt purchases. In addition to the implementation of corporate credit cards, the Board will work with the Company to institute policies and protocols to mandate sales tax-exempt purchases whenever feasible.

Recommendation #11: School officials should ensure all bills are paid in a timely manner, to avoid paying late fees.

As stated earlier, the Board recognizes the need for comprehensive procurement policies and procedures to provide adequate guidance to employees and allow for sound and prudent procurement practices. Over the course of the review period, the local field staff sampled a two-month period and found that the School processed disbursements amounting to $1,257,595 and incurred $472 in late fees. In context, these late fees represent approximately .04% of the total value of invoices paid. While we strive for accurate and prompt vendor payments, we recognize shortcomings in our current accounts payable practices and procedures. The Board will work with the Company to create a procurement policy that articulates the principles, processes and procedures that will apply to all purchases of goods and services. Additionally, the policy will set forth standards for payment of vendor invoices.

Recommendation #12: School officials should ensure all IT assets purchased by the School remain School assets, until they are deemed obsolete.

As noted in our corrective action plan for the True North Rochester Prep Information Technology Audit (2019M-148), we have begun to implement procedures to maintain accurate and up-to-date hardware and software inventories. In evaluating the scope of services for our information technology managed service

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provider, the Company is in the process of issuing a Request for Proposal that requires service providers to address inventory management to safeguard assets and facilitate compliance with organizational policies and protocols. It is anticipated that a managed service provider will be selected by June 2020.

See Note 4 Page 29

Conclusion

While we appreciate the guidance set forth by the recommendations, the report's characterization of the lack of responsiveness on the part of the Board, the School and the Company is misleading. Throughout the review period the Board Chair and Company representatives sought involvement in the audit process as evidenced by multiple e-mails and document exchanges. Despite efforts to maintain communication, the local field staff failed to inform the Board Chair, the School or the Company's representatives of their belief that adequate information was not forthcoming. School and Company administrative transitions have also occurred during the review period. To address these shifts in key personnel and receive updates on requests for information, Company representatives requested meetings to address the status and state of the review. On multiple occasions, requests by Company representatives for clarification were unanswered or ignored. For example, on October 31, 2018 Company representatives requested a meeting, and were ignored. A meeting was requested again on November 5, 2018, but the request was again ignored.

To suggest that delays were due to a lack of responsiveness on the part of the Board or School and Company representatives is false. We take exception to the inaccurate catergorization of our cooperation presented throughout the Appendix B notes. For example, "Appendix B, Figure 8: Payroll Information" references an 87 day delay in receiving requested information. However, the initial information request was sent by the auditors on August 6, 2018 and was immediately responded to, noting that the School could gather and provide the information within one week. This request was not denied by the local field staff. On August 13, 2018, we provided over 250 documents to service this request. On October 31, 2018, additional information was requested and the School provided this on November 1, 2018.

See Note 5 Page 29

Had the concerns around responsiveness referenced in Appendix B been communicated to the Board, the School or the Company during the audit process, steps to address those concerns could and would have been undertaken to address them. But no such communication was forthcoming.

The oversight and advice offered by the Comptroller's Office lends to the health and sustainability of public organizations. With this in mind, it was our expectation that the local field staff would approach the review and engage the Board and representatives of both the School and Company in a manner that allowed for the identification of problems for the purpose of improving operations and governance. The local field staff was provided an office, seen regularly, given thousands of documents in fulfillment of requests and allowed unfettered access to records and systems. Additionally, we created depository systems and continually worked to streamline and make the process more efficient as the local field staff did not provide clear process or guidelines for requests or submissions. Consequently, we strongly disagree with audit findings that misrepresent the responsiveness of the School staff, the Company or the Board to the Comptroller's information requests.

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The Board is committed to accountability through sound fiscal oversight, conservative budgeting, appropriate internal controls, accurate financial reporting, and meaningful policies. The referenced recommendations will assist in structuring an improved internal control environment. We look forward to further addressing the findings and recommendations through the forthcoming corrective action plan. Thank you for the opportunity to provide a response to the audit that contextualizes the audit findings.

Sincerely,

Geoffrey Rosenberger
Chairperson, Board of Trustees

Appendix D: OSC Comments on the School's Response

Note 1

At the Board President's request, we reached out to the School's CPA firm to discuss the Company's calculation of their management fee. The CPA firm confirmed to us that they verified the calculation of percentages used by the Company. However, generally accepted government auditing standards require us to verify whether the calculation is accurate and obtain documentation to verify that the underlying revenues used in the calculation are sufficiently supported. On several occasions, we requested support for the underlying revenues used in the Company's service fee calculation. However, the Company was unable to provide the requested documentation.

Note 2

The Company provided us with two one-page summary documents as support for the calculation of the service fee. One of these documents contained a summary calculation for four schools and the other document contained the summary calculation for the remaining two schools. We requested that the Company provide us with detailed support for the numbers used in the summary documents provided as support for the calculation of their service fee. However, as stated in our audit report and Appendix B, despite making multiple requests for this additional supporting documentation, the Company did not provide the requested information.

Note 3

We agree with the School's response concerning increased student enrollment and we have modified our report to reflect this as agreed at our exit discussion.

Note 4

At the start of our audit, we met with the Board President and Company officials who told us that a Company executive would be our contact person for the audit. Throughout the course of the audit, we were in constant contact with the Company executive and relied on the executive to act as the audit liaison, as required in the agreement. We provided the Company executive with a detailed memorandum containing the information required to address our audit objective. However, we continually had to request information several times. As stated in our audit report, at times, the information requested was only partially provided, voluminous irrelevant information was provided, or information was not provided at all. OSC had email communications with Company officials on October 31, 2018 and November 5, 2018 to request information relating to our audit. Company officials responded to our email with questions regarding our request and also requested to meet with OSC to clarify the information needed for our audit. In both instances, OSC responded via email to the questions posed by Company officials and as a result, found an additional meeting was not necessary.

Note 5

Regarding the example given in the School's response, the information provided on August 13 was incomplete. As detailed in Appendix B, we did not receive all of the documents requested until November 1, 87 days later.

Appendix E: 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[15] and obtain valid audit evidence, our audit procedures included the following:

- We reviewed the School's amended and restated Charter, the agreement between the School and the Company and School policies and interviewed School officials to gain an understanding of operations and procurement practices.
- We reviewed documents provided by the Company to gain an understanding of the services provided under the terms of the agreement including the following: insurance policies, accountability inspections, fundraising reports, recruitment information (for Principals, Directors, teachers and students), marketing materials, resident district billings, training materials, payroll reports, human resource files and lease agreements. We also reviewed financial statements from the School's CPA firm.
- We selected a random sample of two months of disbursements during the audit period (December 2017 and January 2018). Our sample months contained 970 disbursements totaling $1.3 million and included reimbursements to Directors from purchases made on their personal credit cards. We reviewed these disbursements to determine whether extraneous taxes and fees were paid, prices paid were reasonable and purchases were for legitimate purposes.
- We randomly selected 10 employees, six teachers (5 percent) and four non-teachers (5 percent) for payroll testing. We used our professional judgement to select a sample of three Directors (50 percent) and three Principals (50 percent) to include in our testing for a total of 20 employees. Because seven selected employees were not employed at the School during our randomly selected test month (December 2017), we excluded them from our testing. We reviewed payroll payments made to our sample of 13 employees during the test month to determine whether the payroll report provided by the Company was accurate and properly supported.
- We searched the Internet for nationally available credit card rebate offers and determined whether the School could participate in them.
- We reviewed financial reports prepared by the Company, including budgets, balance sheets, income statements, budget-to-actual reports, payroll reports, bank statements and bank reconciliations.
- We reviewed the Company's management fee calculation and allocation of indirect costs for 2016-17 and 2017-18.

15 We also issued a separate audit report, *True North Rochester Preparatory Charter School – Information Technology* (2019M-148).

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 relevant population size 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. 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. We encourage the Board to make the CAP available for public review.

Appendix F: 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#lgmg

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

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

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

Local Government and School Accountability Help Line: (866) 321-8503

ROCHESTER REGIONAL OFFICE – Edward V. Grant Jr., Chief Examiner

The Powers Building • 16 West Main Street – Suite 522 • Rochester, New York 14614-1608

Tel (585) 454-2460 • Fax (585) 454-3545 • Email: : Muni-Rochester@osc.ny.gov

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