

***OSWEGO COUNTY
BOARD OF COOPERATIVE EDUCATIONAL SERVICES***

NEW YORK

***COMMUNICATING INTERNAL CONTROL
RELATED MATTERS IDENTIFIED IN AN AUDIT***

For Year Ended June 30, 2018

Raymond F. Wager, CPA, P.C.
Certified Public Accountants

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Certified Public Accountants

September 24, 2018

To the Board Members
Oswego County
Board of Cooperative Educational Services, New York

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oswego County Board of Cooperative Educational Services, New York as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Oswego County Board of Cooperative Educational Services, New York's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the BOCES' internal control. Accordingly, we do not express an opinion on the effectiveness of the BOCES' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the BOCES' financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

BOCES' written responses to the deficiencies identified in our audit have not been subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Prior Year Deficiencies Pending Corrective Action:

Deficit Fund Balance – Preschool Program –

As a result of fiscal stress related to cost screens and difficulties with the State reimbursement process, the BOCES transitioned the Preschool Program to private providers as of June 30, 2011. The BOCES will be working closely with the State Education Department to close out the program in order to maximize their reimbursement; however, a deficit fund balance remains, and there was no progress made this year.

The BOCES is in the process of working with Districts regarding the revenue shortfalls. We recommend the BOCES consider contacting the Commissioner of Education and request a formal opinion as to the specific process to follow when eliminating this deficit.

BOCES' Response –

BOCES continues to keep the Districts informed regarding the deficit status of these programs as well as each District's respective (theoretical) share. Our BOCES is not the only one in this situation and additional BOCES are headed down this path. For this reason, conversations continue to take place at the state level among SED officials and BOCES District Superintendents to determine how these deficits can be addressed. These conversations progress slowly as priorities permit, and our intention is to allow the time needed to see what guidance develops. Upon receipt of such guidance, we will discuss with our districts to determine a reasonable approach in line with the guidance to eliminate the deficits.

Adult Education Programs/ Career and Community Education –

We noted the BOCES had an overall operating surplus of \$208,233, which increased the total fund balance to \$218,460, in the Adult Education and Enrichment Programs and the Center for Career and Community Education Programs. However, some individual programs still had operating losses, and continue to carry deficit fund balances.

We recommend the BOCES continue to monitor the Adult Education program in order to eliminate the program deficits.

BOCES' Response –

Individual program budgets are based on minimum enrollment numbers and an active budget monitoring process is in place, which pays close attention to trends & relationships between budget and actual enrollment. When the annual minimum enrollment is not met due to non-completers or student dismissals, steps will be taken where possible to offset the impact, but the budget usually ends up carrying a deficit fund balance. If the program continues long-term with decreasing enrollment resulting in budget deficiency, the program is discontinued or changed.

During 2017-18, a couple of programs experienced lower enrollments than anticipated. Also, a new Business Education Liaison position was added to focus on corporate & workforce training services as well as a new Work Keys program. This past year was foundational, planning and setting the players & procedures in place to generate activity, which hasn't yet generated any revenue. For 2018-19, the Director will be the main force for generating activity in these areas and the Business Education Liaison will be responsible for developing the resulting programs. Also, for program budgets, enrollment projections were adjusted to match experience and tuitions were also adjusted where possible. This plan suggests better success in programs with prior deficits, and an overall operating surplus of approximately \$4,600.

Current Year Deficiencies in Internal Control:

Adult Education/Student Billing –

During the course of our examination we noted that student balances in the student tracking system do not always agree with the balances being tracked in the BOCES accounting system.

We recommend this item be reviewed and efforts be made to ensure that all student billing and payment records be updated in a timely manner.

BOCES' Response –

This issue has been on the radar of our Director and business office for all of this past year, yet vacant positions and changeover in staffing caused a delay in being able to adequately address it. For 2018-19, however, this will be addressed by filling a vacant financial aid position and reorganizing work among office support staff. Specifically, beginning October 2018, the Director will be assigning a dedicated Senior Account Clerk Typist in the CCCE main office to be responsible for reconciling between the student registration/management system (Xendirect) and WinCap (BOCES accounting system). This staff member will also be charged with updating billing and payment records and will directly interface with the new financial aid counselor and business office staff for an active approach to monitoring.

Prior Year Recommendation:

The following prior year recommendations has been implemented to our satisfaction:

1. Our examination revealed no confirming orders related to performing arts agreements entered into by component districts.

This communication is intended solely for the information and use of management, the Board, audit committee, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

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We wish to express our appreciation to the business office staff for all the courtesies extended to us during the course of our examination.



Rochester, New York
September 24, 2018