

Salmon River Central School District

Foster Care Student Tuition

2022M-168 | February 2023

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Report Highlights

Salmon River Central School District

Audit Objective

Determine whether Salmon River Central School District (District) officials accurately paid tuition for foster care students enrolled at other school districts.

Key Findings

District officials did not accurately pay tuition for foster care students enrolled at other school districts.

- Officials made payment errors for 14 (45 percent) of 31 foster care students who were enrolled at other school districts during the 2018-19 through 2021-22 school years. The District overpaid tuition by \$58,277 for 11 foster care students and underpaid tuition by \$1,007 for three foster care students.
- Officials did not provide oversight for or monitor foster care student tuition payments, which resulted in over- and underpayments.

Key Recommendations

- Provide oversight to ensure that tuition bills have adequate supporting documentation and are accurately calculated before issuing payments.
- Consult with the District’s legal counsel concerning options available for recovering previous overpayments and compensating for identified underpayments.

District officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate, corrective action.

Background

The District serves the Towns of Bangor, Bombay, Fort Covington and Westville in Franklin County and the Town of Brasher in St. Lawrence County. In addition, the New York State Education Department (SED) contracts with the District to operate an elementary school on the Saint Regis Mohawk Reservation (reservation) and pays tuition to the District for students who reside on the reservation and attend the District.

The District is governed by an elected nine-member Board of Education (Board) that is responsible for managing and controlling the District’s financial and educational affairs. The Superintendent of Schools is the chief executive officer and is responsible, along with other administrative staff, for the District’s day-to-day management under the Board’s direction.

The School Business Executive (Executive) oversees financial operations, including tuition payments for foster care students.

Quick Facts

Foster Care Students Enrolled at Other School Districts 2018-19 – 2021-22	
Students	31
Tuition Paid	\$538,030
2022-23	
Appropriations	\$33.6 million

Audit Period

July 1, 2018 – July 31, 2022

Foster Care Student Tuition

At times, a school district (district) educates nonresident students, such as foster care students placed in a district by local departments of social services. The district a child or youth attended, or was entitled to attend, when they entered foster care is the district of origin. The district a foster care student is enrolled at is the district of attendance.

The district of origin is financially responsible for the tuition of foster care students originating from the district but attending other districts for general and/or special education programs. The district of attendance is entitled to charge a net cost tuition to the district of origin for foster care students enrolled at their district.¹

How Should Officials Ensure Foster Care Student Tuition Is Accurately Paid?

A district should design an effective system for accurately paying tuition for foster care students enrolled at other districts. A district should clearly assign responsibilities for specific activities to ensure each participant understands the overall objectives and their role in the process.

Officials should ensure that tuition bills for foster care students enrolled at other districts have adequate supporting documentation, such as documentation from local departments of social services, student attendance rosters, individualized education programs (IEPs) and documentation supporting tuition charges and deductions for State aid, if applicable.

In addition, officials can use SED resources (e.g., foster care billing worksheets, full-time equivalent (FTE)² calculator for attendance, State aid handbooks and State aid output reports) to ensure tuition bills are accurately calculated. When a district of origin pays tuition in the current school year based on an estimated net cost billed by a district of attendance, officials should monitor these payments to ensure that the district of origin is issued a correct refund, or accurately billed additional tuition charges, in the subsequent school year based on the actual net cost to the district of attendance.

Officials Did Not Ensure Foster Care Student Tuition Was Accurately Paid

District officials paid tuition totaling \$538,030 during our audit period for 31 foster care students who were enrolled at eight other districts of attendance during the 2018-19 through 2021-22 school years. We reviewed the supporting documentation for the tuition paid for these foster care students to determine whether the tuition was accurately paid.

¹ Refer to Appendix B for additional information on calculation of tuition charges.

² Refer to Appendix B for the definition of a student's FTE attendance.

Officials did not obtain adequate supporting documentation, such as IEPs and Board of Cooperative Educational Services' (BOCES') final tuition charges, from the districts of attendance for tuition that officials paid for 18 foster care students (58 percent). However, upon our request, officials obtained the documentation needed for us to determine whether tuition was accurately paid.

Officials inaccurately paid tuition for 14 foster care students (45 percent). Officials overpaid tuition by \$58,277 for 11 foster care students who attended five other districts and underpaid tuition by \$1,007 for three students who attended two other districts (Figure 1).

Officials inaccurately paid tuition for 14 foster care students (45 percent).

Figure 1: Foster Care Student Tuition

School Year	Students	Tuition Paid	Overpayments		Underpayments	
			Students	Amount	Students	Amount
2018-19	12	\$203,465	6	\$31,041	1	\$476
2019-20	9	170,905	3	18,203	1	24
2020-21	6	118,331	2	9,033	1	507
2021-22	4	45,329 ^a	0	0	0	0
Totals	31	\$538,030	11	\$58,277	3	\$1,007

a) As of July 31, 2022, the District paid tuition to other districts for educating foster care students during the 2021-22 school year based on estimated net costs. As a result, in the 2022-23 school year (when the districts determine their actual net costs for the 2021-22 school year), the other districts should issue a refund, or bill additional tuition charges, to the District.

The tuition over- and underpayments occurred because the Executive did not perform a sufficient review of the tuition bills to identify and correct various billing errors made by the districts of attendance. Additionally, there was no oversight over her reviews. For example, the Executive was solely responsible for reviewing foster care tuition bills to ensure they had adequate supporting documentation and were accurately calculated.

In addition, the Executive did not have procedures in place to monitor tuition payments made in the current school year, which were billed based on estimated net costs, to ensure that the District was issued a refund or billed additional tuition charges in the subsequent school year, based on the actual net costs to the districts of attendance.

As a result of the insufficient reviews and lack of oversight and monitoring, officials did not identify and correct various billing errors made by the districts of attendance. Billing errors included, but were not limited to, the following:

- All applicable State aid attributable to the foster care students' attendance were not deducted from their tuition charges.
- Incorrect FTE amounts were used to calculate tuition charges.
- The District did not receive refunds from the districts of attendance in the subsequent school year when the actual net cost to the districts for educating foster care students was less than the amount preliminarily billed to and paid by the District.

Consequently, the District overpaid \$19,185 to one district of attendance because the district of attendance did not deduct all applicable State aid attributable to a student's attendance from its tuition charges when billing the District for the 2018-19 through 2020-21 school years. The District overpaid \$20,513 to another district of attendance for the 2018-19 through 2020-21 school years. This occurred because the Executive did not monitor tuition payments to ensure the District was issued refunds when the actual net costs for educating a student were less than the amounts preliminarily billed to and paid by the District.

Furthermore, the District underpaid \$476 to another district of attendance because the district of attendance preliminarily billed the District for a student enrolled during the 2018-19 school year by incorrectly using the actual nonresident tuition (NRT) rate for the 2017-18 school year instead of the estimated NRT rate for the 2018-19 school year. Also, the district of attendance did not issue a final bill to the District in the subsequent school year using the higher actual NRT rate for the 2018-19 school year.

Because officials did not sufficiently review, provide oversight for or monitor tuition payments, the District over- and underpaid tuition for 14 foster care students. The number of errors we identified indicates the District's procedures for foster care student tuition payments require improvement to ensure future payments are accurate.

What Do We Recommend?

District officials should:

1. Provide oversight to ensure tuition bills for foster care students enrolled at other districts have adequate supporting documentation and are accurately calculated before issuing payments to the districts of attendance.
2. Monitor tuition payments made in the current school year (based on the estimated net cost billed) to ensure that the District is issued a correct refund, or accurately billed additional tuition charges, in the subsequent school year (based on the actual net cost to the district of attendance).
3. Consult with the District's legal counsel concerning options available for recovering previous overpayments and compensating for identified underpayments to applicable districts of attendance.

Appendix A: Response From District Officials



SALMON RIVER CENTRAL SCHOOL DISTRICT

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Director of Special Education

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Middle School Principal

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St. Regis Mohawk
School Principal

January 23, 2023

Office of the State Comptroller
Glens Falls Regional Office
One Broad Street Plaza
Glens Falls, NY 12801-4396

Attn: Gary Gifford, Chief Examiner

Salmon River Central School District

Foster Care Student Tuition for the Period July 1, 2018 – July 31, 2022

Report #2022M-168

The Salmon River Central School District is in receipt of the draft audit report, titled 2022M-168 – Foster Care Student Tuition. The District would like to express sincere appreciation for your professionalism and for conducting a thorough examination of our District operations. The District valued the collaborative approach that was taken during field work especially during uncertain times with the COVID-19 pandemic.

We have thoroughly reviewed the draft report and are pleased that there was no evidence of fraud, abuse or waste discovered in the audit process. The District views feedback from all audits as a way to improve our best practices and procedures.

The District prides itself on being transparent and fiscally responsible and we are committed to continuous improvement. The District acknowledges the audit findings and is in agreement with the findings. The District has already put new procedures in place to ensure that all invoices for tuition are properly handled with adequate supporting documentation and follow up reconciliations.

This letter shall serve as our audit response as well as our corrective action plan. The District corrective action plan is outlined below.

Corrective Action Plan:

Audit Recommendation #1:

The District should provide oversight to ensure tuition bills for foster care students enrolled at other districts have adequate supporting documentation and are accurately calculated before issuing payments to the districts of attendance.

Implementation Plan of Action:

The District recognizes the importance of establishing controls over tuition payments and will create a process for approval of foster care tuition payment prior to issuing payment to the district of attendance. This will include gathering proper supporting documents from the invoicing district as well as an independent calculation of the invoice.

Implementation Date:

This will be implemented by the Superintendent of Schools and School Business Executive immediately with tuition payments for 2022-2023 school year.

Audit Recommendation #2:

The District should monitor tuition payments made in the current school year (based on the estimated net cost billed) to ensure that the District is issued a correct refund, or accurately billed additional tuition charges, in subsequent school year (based on the actual net costs to the district of attendance).

Implementation Plan of Action:

The District will create a process to ensure that there is a reconciliation of estimated invoices/payments with actual tuition costs when final costs are released. All tuition invoices will be flagged during the accounts payable process and the District will use a spreadsheet to track payments that are made annually. The District will review the invoices/costs in the following school year to request updated actual invoices from each district. In cases where BOCES costs are used as an estimate, the District will request that the invoicing district contact their BOCES about possible BOCES refunds for special education students that would be due back to the District.

Implementation Date:

This will be implemented by the Superintendent of Schools and School Business Executive immediately with tuition payments for 2022-2023 school year.

Audit Recommendation #3:

The District should consult with legal counsel concerning options available for recovering previous overpayments and compensating for identified underpayments to applicable districts of attendance.


Implementation Plan of Action:

The District has been in contact with the invoicing districts that were identified as having been overpaid to request refunds be issued and refund requests have been mailed. The District has already received a refund in the amount of \$19,185.19.

Implementation Date:

This will be implemented by the Superintendent of Schools and School Business Executive immediately with tuition payments for 2022-2023 school year.

Signed:



Dr. Stanley Harper
Superintendent of Schools



Date

Appendix B: Calculation of Tuition Charges

A Commissioner of Education regulation prescribes that the charge for instruction of nonresident students should not exceed the actual net cost of educating the students. If the accounting records of the district providing the education are not maintained in a manner which would indicate the net cost, the nonresident tuition formula can be used.

SED produces nonresident tuition reports each year for each district, which calculate an estimated NRT rate for the current school year and an actual NRT rate for the prior school year in various categories (e.g., K-6 general education, 7-12 general education, K-6 special education and 7-12 special education). The estimated NRT rates can be used during the current school year for preliminary billing purposes, but the NRT rates should be adjusted when the actual NRT rates are issued in the subsequent school year.

The applicable NRT rate also should be multiplied by a student's FTE attendance when calculating the tuition to be charged. FTE is the decimal expression of a student's enrollment duration compared to the length of the annual school year. For example, a student who is enrolled for a full school year has an FTE of 1, while a student who is enrolled for only half of the school year has an FTE of 0.5.

In addition, when a district of attendance charges tuition for a foster care student who is enrolled in an all-day instructional program operated by a BOCES, the district's tuition should include the BOCES tuition charges minus any State aid that is attributable to the student's attendance. The initial tuition charged by a BOCES can be used during the current school year for preliminary billing purposes, but the tuition should be adjusted when the BOCES issues its final tuition rates in the subsequent school year.

Appendix C: 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 Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials and reviewed records and reports to gain an understanding of the District's procedures related to tuition payments for foster care students enrolled at other districts. We documented any associated effects of deficiencies in those procedures.
- We reviewed supporting documentation for tuition paid for all 31 foster care students enrolled at eight other districts during the 2018-19 through 2021-22 school years to determine whether the tuition was accurately paid based on the actual net costs to the districts of attendance. For tuition paid that did not have adequate supporting documentation, we requested that officials obtain the necessary documentation. In addition, for tuition that was inaccurately paid, we determined the reasons for the inaccuracies and calculated the amounts over- or underpaid.

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

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. 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. The CAP should be posted on the District's website for public review.

Appendix D: Resources and Services

Regional Office Directory

www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf

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

www.osc.state.ny.us/local-government/publications

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

www.osc.state.ny.us/local-government/fiscal-monitoring

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

www.osc.state.ny.us/local-government/publications

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

www.osc.state.ny.us/local-government/resources/planning-resources

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

www.osc.state.ny.us/files/local-government/publications/pdf/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/local-government/required-reporting

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

www.osc.state.ny.us/local-government/publications

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

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Contact

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