



# Northeastern Clinton Central School District

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Transportation State Aid

2024M-47 | August 2024

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# Report Highlights

## Northeastern Clinton Central School District

### Audit Objective

Determine whether Northeastern Clinton Central School District (District) officials applied for all applicable transportation State aid (transportation aid) for new bus acquisitions.

### Key Findings

District officials did not accurately apply for all applicable transportation aid and was at risk of losing aid totaling \$391,494. However, once we informed officials of this risk, the School Business Manager (Business Manager) promptly filed accurate aid applications with the State Education Department (SED), and the aid was subsequently approved. Had officials established procedures to ensure transportation aid applications were accurately filed, the District's aid may not have been delayed.

### Key Recommendations

- Establish procedures for preparing and submitting transportation aid applications.
- Monitor the Business Manager's work to ensure that she accurately prepares transportation aid applications.

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

### Audit Period

July 1, 2020 – December 31, 2023

### Background

The District serves the Towns of Altona, Champlain, Chazy and Mooers in Clinton County. The District is governed by a seven 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 District's 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 Board-appointed Business Manager is the District's chief fiscal officer. She oversees the District's Business Office, maintains financial records and is responsible for electronically submitting transportation aid forms for new bus purchases.

The New York State Education Department (SED) provides transportation aid to school districts for the debt associated with the approved cost of purchased buses.

#### Quick Facts

July 1, 2020 through June 30, 2023

Number of Buses Purchased	12
Transportation Costs Eligible for State Aid	\$1.4 million
Transportation Costs Submitted and Approved for State Aid	\$944,940

# Transportation Aid

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## How Should District Officials Apply for Transportation Aid?

To receive transportation aid, school district (district) officials must prepare and submit an application to SED using the State Aid Management System (SAMS) website. On the application, officials should include detailed purchase information for each new bus purchased and submit the application within one year of the bus purchase date.

To help ensure that a district receives all transportation aid to which it is entitled, officials should establish and implement procedures for preparing and filing transportation aid applications in a timely manner. The procedures should assign employee responsibilities for specific activities and require officials to periodically monitor the process.

If a bus is acquired during the first six months of the fiscal year (July 1 through December 31), transportation aid payments are made over a five-year period. If a bus is acquired during the last six months of the fiscal year (January 1 through June 30), aid payments are made over a six-year period.

SED estimates the assumed annual debt service cost for bus purchases based on assumed amortization schedules, using a statewide average interest rate. After SED makes deductions for other purposes and nonallowable pupils from a district's assumed annual debt service cost, it multiplies the debt service cost by the district's annual State-share ratio for transportation aid to determine the amount of transportation aid that the district is entitled to each year.

## The Business Manager Did Not Accurately Apply for All Applicable Transportation Aid

Although the Business Manager is responsible for preparing and submitting applications for transportation aid for new bus purchases, she did not correctly apply for all the aid to which the District was entitled. We reviewed all 12 of the District's bus purchases totaling \$1.4 million, which were made between July 1, 2020 and June 30, 2023. We determined that the Business Manager correctly submitted the proper applications to SED for eight buses totaling \$944,940, and the District was approved for State aid totaling \$871,424.

However, the Business Manager did not correctly submit applications for the purchase of the remaining four buses that had a total cost of \$442,444. The buses were acquired in the 2021-22 school year. Though the Business Manager submitted applications for these buses, she entered incorrect information on the applications. Instead of entering the serial numbers and purchase amounts of these four buses, she used the information for four of the eight buses that SED had already approved for transportation aid (i.e., SED received duplicate

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applications for the same four buses). District officials were unaware of this error until we brought it to their attention on December 8, 2023.

After we notified District officials of the error, the Business Manager promptly filed accurate applications for the four buses purchased in the 2021-22 school year on December 20, 2023. Subsequently, SED approved transportation aid totaling \$391,494. Because the Business Manager did not properly submit the aid applications, the District could have missed cost savings of \$391,494.

Although SED eventually approved transportation aid payments for all 12 buses, because the Business Manager mistakenly submitted incorrect transportation aid applications, this will cause the payments for four buses to be delayed. This occurred because District officials did not establish adequate procedures to ensure the Business Manager accurately applied for all transportation aid to which the District was entitled. Without procedures to require proper oversight and monitoring of the transportation aid payment process, officials could not ensure that the District applied for all its eligible transportation aid for new bus purchases.

### **What Do We Recommend?**

District officials should:

1. Establish and implement procedures for preparing, submitting and monitoring transportation aid applications.
2. Review the transportation aid applications prepared by the Business Manager to ensure that the applications are accurately prepared.

# Appendix A: Response From District Officials

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Northeastern  
Clinton  
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CHAMPLAIN, NEW YORK 12919-4833

July 29, 2024

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

To Whom It May Concern,

The Northeastern Clinton Central School District is writing to inform the Office of the New York State Comptroller that we have received a copy of the audit findings and recommendations for our district. The district has also met on July 9, 2024 with our regional auditors for an exit discussion.

As per our discussion, the regional team reviewed key findings and made recommendations regarding:

#### **Transportation State Aid (2024 M-47)**

For Transportation State Aid (2024 M-47), it was founded that the district did not accurately apply for all applicable transportation aid totaling \$391,494. The District took initiative and filed an application with SED. The application was approved and we received the aid that was entitled to our District. **The Northeastern Clinton Central School District agrees in totality with the examiner/auditors findings and recommendations and are working on a corrective action plan to ensure procedures are in place for preparing and submitting transportation aid and applications in the future.**

The Northeastern Clinton Central School District would like to express our gratitude and appreciation in working with the Office of the New York State Comptroller. While the audit itself was quite lengthy and extensive, we value the efforts of the examiner's office in improving the systems and operations of our school district.

Sincerely,

Robb Garrand

## Appendix B: Audit Methodology and Standards

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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. We obtained an understanding of internal controls that we deemed significant within the context of the audit objective and assessed those controls. Information related to the scope of our work on internal controls, as well as the work performed in our audit procedures to achieve the audit objective and obtain valid audit evidence, included the following:

- We interviewed District officials and reviewed transportation aid documents and SED regulations to gain an understanding of the transportation aid process for bus purchases and the District's procedures for applying for transportation aid for bus purchases.
- We reviewed purchase orders, invoices, insurance policies and a vehicle inventory list to determine the District's total number of vehicles.
- We reviewed Board meeting minutes and resolutions to determine whether bus purchases were approved by District taxpayers.
- We reviewed all bus purchase documentation and SED and SAMS reports generated during our audit period to determine whether District officials submitted transportation aid applications to receive aid for new bus purchases.
- We calculated the amount of transportation aid that the District would have received in the 2022-23 and 2023-24 school years and projected the amount for the subsequent three school years (2024-25 through 2027-28) using the District's average State share ratio for transportation aid and deduction amounts.

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.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. 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

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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 C: Resources and Services

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### **Regional Office Directory**

[www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf](http://www.osc.ny.gov/files/local-government/pdf/regional-directory.pdf)

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

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

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

[www.osc.ny.gov/local-government/fiscal-monitoring](http://www.osc.ny.gov/local-government/fiscal-monitoring)

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

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

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

[www.osc.ny.gov/local-government/resources/planning-resources](http://www.osc.ny.gov/local-government/resources/planning-resources)

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

[www.osc.ny.gov/files/local-government/publications/pdf/cyber-security-guide.pdf](http://www.osc.ny.gov/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.ny.gov/local-government/required-reporting](http://www.osc.ny.gov/local-government/required-reporting)

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

[www.osc.ny.gov/local-government/publications](http://www.osc.ny.gov/local-government/publications)

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

[www.osc.ny.gov/local-government/academy](http://www.osc.ny.gov/local-government/academy)

## Contact

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