



Northeastern Clinton Central School District

Foster Care Tuition Billing

2024M-48 | August 2024

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Report Highlights

Northeastern Clinton Central School District

Audit Objective

Determine whether Northeastern Clinton Central School District (District) officials properly billed tuition for nonresident foster care students enrolled at the District.

Key Findings

District officials did not properly bill tuition for nonresident foster care students enrolled at the District. As a result, as of June 30, 2023, officials had not billed \$95,210 of the \$129,538 (73 percent) in tuition to which it was entitled for the 2020-21 through 2022-23 school years and made tuition calculation errors totaling \$3,036 in the amounts billed.

District officials did not:

- Provide oversight of the employees who prepared the tuition bills.
- Establish adequate procedures to ensure tuition bills were adequately prepared, calculated and issued to the school districts of origin for all eligible nonresident foster care students.

Key Recommendations

- Monitor the work of the Business Manager and employees who process nonresidential foster care bills and establish procedures to help ensure tuition bills are accurately prepared, calculated and issued.
- Consult with the District's legal counsel to determine the District's appropriate course of action regarding the District's billing errors.

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

Audit Period

July 1, 2020 – June 30, 2023

Background

The Northeastern Clinton Central School District (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 School Business Manager is the District's chief fiscal officer. She oversees the District's Business Office operations, including tuition billing for nonresident foster care students.

Quick Facts

of Nonresident Foster Care Students Eligible to Bill Tuition for and Amounts

2020-21	4	\$31,125
2021-22	6	\$36,876
2022-23	9	\$61,537
Total		\$129,538
2022-23 Appropriations		\$34,122,714

Nonresident Foster Care Student Tuition

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

The District identified foster care students based on foster care notification forms that were received directly from local departments of social services, or received at the time that the students were enrolled at the District. The forms were forwarded to the District's admissions clerk who was responsible for registering the students at the District. The clerk used the notification forms to record the students' foster care information in the District's student information system. The forms also were forwarded to the Business Manager for billing purposes and the Special Education Department, if needed.

The New York State Department of Education (SED) produces nonresident tuition (NRT) rate reports each year for each district. The reports provide 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 grade general and special education and 7-12 grade general and 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 SED issues the actual NRT rates in the subsequent school year.

How Should Officials Ensure Nonresidential Foster Care Student Tuition Is Properly Billed?

District officials should establish procedures to identify all nonresident foster care students enrolled at the District and properly bill the districts of origin for these students. District employees should accurately prepare, calculate and issue tuition bills in a timely manner (i.e., at least by the end of the school year of attendance).

To help ensure tuition bills are calculated accurately, officials can use SED resources, such as the full-time equivalent calculator for attendance, State aid handbooks and State aid output reports. Districts may bill the district of origin for actual costs or at SED's NRT rates. If officials elect to bill tuition using SED's NRT rates, tuition should be billed in the current school year based on the applicable estimated NRT rate.

The Business Manager should monitor tuition bills and the corresponding payments received to ensure that the districts of origin are issued correct refunds, or are accurately billed additional tuition charges, in the subsequent year based on the actual NRT rate.

Officials Did Not Properly Bill Nonresident Foster Care Student Tuition

Officials did not properly bill nonresident foster care student tuition to districts of origin for all eligible students who were enrolled at the District during our audit period (four students in the 2020-21 school year, six students in 2021-22 and nine students in 2022-23) (Figure 1).

Figure 1: Nonresident Foster Care Tuition – 2020-21 Through 2022-23 School Years

School Year	Entitled to Bill ^a	Not Billed	Tuition		
			Billed	Underbilled	Overbilled
2020-21	\$31,125	\$8,672	\$24,199	\$0	\$1,746
2021-22	\$36,876	\$36,876	\$0	\$0	\$0
2022-23	\$61,537	\$49,662	\$10,585	\$1,290	\$0
Totals	\$129,538	\$95,210	\$34,784	\$1,290	\$1,746

a) We calculated the tuition amount that the District was entitled to bill each year based on the actual NRT rates for each school year.

While officials should have billed tuition charges totaling \$129,538 to the districts of origin, they did not submit 17 tuition bills totaling \$95,210 for nonresident foster care students enrolled during the 2020-21 through 2022-23 school years.

Furthermore, officials billed the districts of origin a total of \$34,784 in tuition for two nonresident foster care students enrolled at the District during the 2020-21 through 2022-23 school years (one student in 2020-21 and one student in 2022-23). However, Business Office employees did not recalculate and confirm the actual nonresident foster care tuition bills and send adjusted tuition bills after SED released the actual NRT rate. As a result, one district of origin owed the District \$1,290, and the District owed a refund totaling \$1,746 to the other district of origin.

The billing errors occurred because:

- When the admissions clerk received the foster care notification forms from the local departments of social services, she did not ensure that this information was properly entered into the student information system. Also, the clerk did not know that she was responsible for remitting these forms and enrollment details to the Business Manager for billing purposes.

-
- The Business Manager prepared and issued bills based on estimated NRT rates and did not issue any tuition refunds, or bill additional tuition, to district of origins based on the actual NRT rates for the enrollment year.
 - The Business Manager did not receive and compare all foster care notification forms for students enrolled at the District to the student information system to ensure that all tuition bills for all nonresident foster care students were calculated, prepared and sent.

Because officials did not establish adequate procedures or provide oversight of nonresident foster care tuition bills, the District did not receive all tuition revenue that it was entitled to, and the District improperly billed and collected tuition to which it was not entitled.

What Do We Recommend?

District officials should:

1. Monitor the work of the Business Manager and employees who process nonresident foster care tuition bills and establish procedures to help ensure tuition bills are accurately prepared, calculated and issued.
2. Consult with the District's legal counsel to determine the appropriate course of action regarding the District's billing errors.
3. Monitor tuition bills issued and the corresponding payments received to ensure that the districts of origin are issued correct refunds, or accurately billed additional tuition charges, based on the actual NRT rate.

Appendix A: Response From District Officials



Northeastern
Clinton
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School
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July 29, 2024

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Division of Local Government and School Accountability
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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:

Foster Care Tuition Billing (2024 M-48)

For Foster Care Tuition Billing (2024 M-48), it was founded that the District did not properly bill tuition for nonresident foster care students enrolled in the District resulting in a loss for funds that the District should have received. **The Northeastern Clinton Central School District agrees in totality with with the examiner/auditors findings and recommendations and are working on a corrective action plan to ensure appropriate oversight and procedures are in place for preparing, calculating, and issuing tuition bills to school districts of origin for all eligible non resident foster care students.**

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

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 various records to gain an understanding of the District's procedures for billing tuition for nonresident foster care students who were enrolled at the District. We documented any associated effects of deficiencies in those procedures.
- We reviewed supporting documentation for the tuition billed and collected for all nonresident foster care students who were enrolled at the District during the 2020-21 through 2022-23 school years to determine whether the tuition billed was accurately calculated, billed in a timely manner and paid by the district of origin. For tuition that was improperly billed, we determined the reason and calculated the amounts of any tuition not billed, underbilled and/or overbilled.

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 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

Regional Office Directory

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

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

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

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

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

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

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

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

Contact

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